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Leadership lessons from entrepreneurial failure in China under pandemic influence: a phenomenological study

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LEADERSHIP LESSONS FROM ENTREPRENEURIAL FAILURE IN CHINA UNDER

PANDEMIC INFLUENCE：

A PHENOMENOLOGICAL STUDY

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ABSTRACT

This study explores the experiences of failure among entrepreneurs in China, focusing on the impacts of failure and the lessons they learned from these experiences. Entrepreneurial activities are characterized by greater percentage of risk and uncertainty, and failure is an inherent attribute of the entrepreneurship process. However, the social, psychological, and financial cost of failure is an under-researched area. The COVID-19 pandemic serves as a unique event that impacted entrepreneurs worldwide and offers awareness of the impact of the crisis on entrepreneurship. The purpose of this qualitative phenomenological study is threefold: to highlight the lessons learned from failure experiences, to suggest practically conducive ways for entrepreneurs to cope with challenges and failures, and to share advice from experienced entrepreneurs with prospective entrepreneurs. The research questions guide the study in exploring the reasons for failure, the impacts of failure on entrepreneurs, and the lessons learned from failure experiences. A sample of 8 entrepreneurs was selected based on specific criteria, including owning a business for at least three years, employing 5 or more employees, and experiencing failure in their venture. Semi-structured interviews were conducted to gather data, and significant quotes and statements were identified from the transcripts to develop clusters of meaning. The findings highlighted the psychological, social, and financial impacts of failure, including anxiety, sleep disruption, strained relationships, lower revenue, and accumulated debt. In terms of lessons learned from failure, there is a need to align entrepreneurial interests with national developmental needs. Moreover, embracing technological innovation, developing a customer-focused attitude, and leading by example are some of the important takeaways highlighted in this study. Continuous learning and being prepared for challenges were emphasized as important factors. Seeking emotional, social, and financial support were also significant in terms of coping

with failure. The study suggests that entrepreneurs can benefit from the experiences and lessons of experienced entrepreneurs to navigate the challenges of entrepreneurship and improve their chances of success. Overall, this research contributes to the understanding of the multifaceted impact of entrepreneurial failure, providing valuable insights into leadership lessons learned from failure experiences. The implications of the study offer practical guidance for entrepreneurs to navigate challenges, adopt effective management strategies, look for support and prepare for unforeseen circumstances.

Keywords: China, entrepreneurship, entrepreneurial failure, leadership lessons

Chapter 1: Introduction

Activities of entrepreneurial nature are characterized by having great amount of risk and uncertainty with increased chances of failure (Artinger & Powell, 2016; Baù et al., 2017; Lee et al., 2011). The journey of entrepreneurship is not a venture paved with success and fortune, rather it presents various risks. The success of these ventures cannot be promised as many businesses crumble during the start-up stage while others fail after many years of progress. Knight (2012) regards uncertainty as the defining characteristic of entrepreneurial activities whereas, Schumpeter (2011) posits that creative destruction is an inevitable result of the introduction of advanced products into the market. Consequently, failure becomes an inherent attribute of the entrepreneurship process.

According to current studies, although failure is crucial to entrepreneurial activities, it remains an under-researched topic (Detienne et al., 2014; Sarasvathy et al., 2013). A vital implication in this regard is that in entrepreneurial activities, the failure of the business is considered equivalent to the failure of the individual. However, it must be noted that in case of an entrepreneur's failure, the same business can be run by another individual successfully. Alternatively, even if a firm fails, the entrepreneur behind that firm may go on to run successful businesses in the future. Therefore, it is important to distinguish between the two failures and establish that failure of the firm does not necessarily entail that the entrepreneur has failed (Sarasvathy et al., 2013).

The attitudes of entrepreneurs toward uncertainty and failure shape the outcomes of their business ventures. Considering failure as a central component of these business ventures can enable entrepreneurs to be mentally prepared for the risk involved. In contrast, the fear of failure and uncertainty not only obstructs success but also bars individuals from continuing these

ventures. Such entrepreneurs often suffer from increased stress and lose confidence and motivation when met with failure. Such an attitude often leads to the closure of businesses in some cases, while many others may continue despite failure. To display such resilience entrepreneurs must take challenges head-on, learn from delays and setbacks, develop their skills to become better leaders, and ultimately achieve success (Brodsky, 2013). To remain determined in one's entrepreneurial venture, it is important to regard failure not as a barrier but rather as a learning opportunity. For resolute entrepreneurs, failure gives rise to the prospect of developing better ideas to achieve business outcomes. It presents the opportunity for self-reflection and evaluation of business practices which often leads to the development of better approaches to overcome obstacles and ensure continued progress.

Entrepreneurs' conceptualization of failure is important in determining their attitude towards it. Historically, failure was considered synonymous with a distinct exit from the entrepreneurial activity or the business venture (Wennberg et al., 2010). However, at individual levels, an exit from the firm may not necessarily entail failure as entrepreneurs often exit the firm to collect their investment or may retire to follow an alternative employment path (Detienne et al., 2014; Wennberg et al., 2010). Such exits are, therefore, viewed positively rather than being labeled as a failure. In contrast, when businesses exit due to low level financial operations, such as, insolvency, it is often characterized as a failure (Detienne et al., 2014). Thus, it is important to note that an entrepreneur's exit from the firm is not a necessary criterion to establish failure. Consequently, other factors must also be considered to establish what failure means in this context. An analysis of failure at the firm level provides considerable clarity about the relationship between failure and exit. Often firms are forced to exit when they become financially unviable for business i.e., insolvency, or they might be closed down by the

entrepreneur's choice due to insufficient return on investment. Firms may also be shut down if the assets are no longer worth any benefits (Coad, 2014). The concept of business enterprise exit, therefore, captures a broader meaning of failure with some differences in the level to which the business is economically impacted at the time of its closure.

Researchers have established failure as an integral part of any entrepreneurial activity. According to Patel (2015), generally, 90% of startup businesses face failure and end their operations. Although the rate of failure associated with entrepreneurial activities is high, nearly 20.1% of entrepreneurs retry and therefore, are labeled as serial entrepreneurs (Ucbasaran et al., 2011). In making second attempts, learning from failure, and equipping oneself with the required skills and knowledge is highly important (Parker, 2013). In recent years, entrepreneurial and organizational research has focused greatly on the topic of failure (Artinger & Powell, 2016; Cope, 2011). This shift in focus can be attributed to the learning opportunities that failure provides to individuals along with the stimulation it creates for high-level learning outcomes. By considering failure as a learning opportunity, entrepreneurs can gain deep insight about themselves along with the knowledge about business failures and their relationship with the external environment. It also creates a greater ability to cope with related problems preparing entrepreneurs for future activities by helping them in identifying and assessing future business prospects (Boso et al., 2019; Cope, 2011; Ucbasaran et al., 2011).

The research about learning from failure, however, presents certain limitations by focusing on learning as an output of failure and ignoring the fact that learning is not a spontaneous activity nor is it an automatic by-product of entrepreneurial activity (Shepherd, 2003a). Another limitation of the presently existing studies is that it lacks significant insight into the lessons learned by entrepreneurs from failures, especially from the viewpoints of

entrepreneurial leadership. By focusing on this underdeveloped research area, this study aimed to study the lessons that entrepreneurs learned from failed business ventures and apply these lessons to new business ventures.

Entrepreneurship in the Context of China

Over the last century, entrepreneurial activity in the context of China was not a popular practice, however, in the past few decades, the trend has shifted with an increase in the creation of innovative startups that are built out of opportunity rather than a mere necessity. Although much of the research has focused on the best type of entrepreneurship and the degree of its impact, it has been established that for developing countries like China, new ventures and "small and medium-sized" enterprises can play a significant role in the country's growth. The navigation of these entrepreneurial activities in China's challenging market environment is an important factor to consider, particularly in regard to the institutional regime (Ahlstrom & Ding, 2014).

According to Rosenberg and Birdzell (2008), in pre-industrial China, local rulers and sovereigns exercised complete claim to all that existed within their lands, including any new inventions. This resulted in regular confiscation of innovations by monarchs and local nobles in return for very meager compensation. The same prevailed in imperial China whereby, the Chinese people avoided the acquisition of conspicuous capital and investment in major projects. As a result, potential proprietors often struggled to expand and grow their businesses. This also hindered wealth accumulation for the funding of investments related to infrastructure and industry. In republican China, entrepreneurs experienced considerable progress in the initial decades of the 20th century (Ahlstrom & Ding, 2014). However, in 1949 the accession of the Chinese Communist party led to certain reforms, making entrepreneurship legally suppressed. The economy of China was struggling when the Four Modernizations were launched in 1978.

These reforms were introduced by Deng Xiaoping and soon these became applicable to households which allowed small businesses to cater to local goods requirements. These reforms were central in creating an impetus for entrepreneurial activities in China (Y. Huang, 2008).

In recent years, entrepreneurship has resulted in significant financial gains and job creation in China. In 2020, there were more than 140 million self-employed and small and medium-sized enterprises which contributed more than 60% of the total GDP. These businesses are also responsible for approximately 79% of new job opportunities and also contributed to about 50% of taxable income. Approximately, 68% of exports can be attributed to the small and medium enterprises and self-employed population of China. In 2020 alone, about 2.52 million companies were registered, estimating an increase of 22,000 enterprises each day. The Chinese entrepreneurial sector has experienced a great boon over the last 35 years; rapidly growing from zero to approximately 48.3 million registered private businesses at the end of 2021 (OECD, 2022).

The government's proactive approach to ensuring the sustainability of businesses in China is reflected in the measures put in place to develop innovation. These include heavy investments in the progress of the research and development sector, provision of tax incentives, and creation of investment opportunities for local businesses. As a result of these efforts, 25% of the adult population of China are entrepreneurs which is double than the number in the United States. The world's 18th richest man, Jack Ma, is one of the most renowned entrepreneurs in China. As a creator of Alibaba, Jack Ma is a self-made billionaire who runs an online B2B marketplace. This business provides service to nearly 80 million members in about 240 countries. Although the example of Jack Ma presents one end of the spectrum, there are still

numerous barriers that hinder the advancement of entrepreneurial sector in China (Bridgestock, 2021).

The Global Entrepreneurship Monitor report for China included the assessment of its business environment. Based on the June 2019 report data, the physical infrastructure of China attained the highest evaluation of 7.7 points on the 9-point rating scale. In the internal market dynamics of China rated at 6.8 points, whereas overall the country ranked 4th among 54 regions and countries (Global Entrepreneurship Monitor, 2022). The demographic data of China's adult population involved in startup entrepreneurial activities revealed that approximately 10.6% of the respondents between the age group 18 to 24 years were either in the process of starting their own business or had a start-up enterprise that was less than 42 months old (Statista, 2022).

Statement of Problem

The establishment and development of an entrepreneurial activity require great effort along with the investment of a considerable amount of resources, time, and interest. The high level of involvement of the entrepreneurs in their business often creates strong emotional bonds whereby, it becomes a part of the entrepreneur's identity. Failure of such entrepreneurial businesses not only leads to financial losses but may also result in emotional damage that may impact the entrepreneur for years (Zou, 2015). The problem of failure, therefore, has great implications for the entrepreneurs' future endeavors, however, the social, psychological, and financial cost of failure is a rather under-researched area of study.

A failed entrepreneurial activity may have underlying reasons which may range from individual attributes or circumstances to industry-wide problems such as financial crises. However, often unforeseen events may also impact businesses giving rise to numerous learning opportunities. The COVID-19 pandemic is one such event, which although did not have an

economic origin but it brought the world to a standstill. Starting from Wuhan, China in December 2019, the pandemic eventually spread globally and severely compromised the world economy. It impacted businesses worldwide, irrespective of the size and nature of the enterprise. The impact of the COVID-19 pandemic on entrepreneurship remains to be a topic requiring research however, it can be regarded as a double-ended sword, as on one end it boosted innovation in certain industries while on the other end it severely hit others (Feng, 2021).

Research indicates that the role of entrepreneurs is central to the economic recovery of societies from major disruptions such as the pandemic. During a crisis, the entrepreneurs' ability to identify and benefit from opportunities is a reflection of their determination. Innovating operations during such events lead to the facilitation of new work patterns and increased learning. However, the efficiency and impact of the entrepreneur's actions are dependent upon the context which includes the governmental institutions, market volatility, and access to resources. In China, entrepreneurial innovation and resilience were displayed by many entrepreneurs through the use of digital technology and network relationships. These innovations not only help in overcoming the immediate disruptions caused in 2020 but also paved the path for evolving and adjusting to the new normal, which is defined by changed behaviors and capabilities. In contrast, the disruptions caused by the pandemic also lead to the exit of many firms and individuals from the entrepreneurial industry. It is, therefore, imperative to establish the leadership lessons learned from the failure caused by the pandemic as exploring entrepreneurship under the impact of crisis may yield lessons for recovering the flailing economy post-crisis (Meyer et al., 2021).

Purpose Statement

This qualitative phenomenological study is based on the failure incidents of entrepreneurs in China. By exploring their experience of failure, especially during the pandemic, this study establishes the leadership lessons learned from failure. Overall, the present study is driven by three purposes as outlined below:

  i.   By exploring the failure experiences, the study aims to reveal the lessons learned by entrepreneurs. Hence, the first purpose of the study is to present an alternative viewpoint on failures by seeing them as chances for entrepreneurial growth and learning.

 ii.   The research aims to explore how the lessons learned can be applied to entrepreneurial ventures. It seeks to pinpoint the actions taken by entrepreneurs to lead their businesses through failures. So, the next objective of the study is to offer actionable strategies for existing entrepreneurs to effectively handle challenges and setbacks.

iii.   Lastly, the study aims to share best practices drawn from the experience of established entrepreneurs with potential entrepreneurs. The knowledge about failures and practical suggestions offered are highly beneficial in helping new entrepreneurs prepare and learn how to deal with potential failures in their own ventures.

Research Questions

According to Creswell (2014), in a qualitative research study, the research questions are designed to be open-ended, evolving, and non-directional. Beginning with a question word such as what or how, the research questions not only restate the purpose of the research but also explore the central phenomenon (Creswell, 2014). This study uses interviews with entrepreneurs in China as a means of data collection to explore the phenomenon of failure and learning gained to improve leadership abilities. The following research questions guide this study:

- Research Question 1: How do entrepreneurs explain the reason of their failure?

- Research Question 2: What are the psychological, emotional, social, and financial impacts of failure?

- Research Question 3: What lessons can entrepreneurs learn from failures?

Methodological Approach

This study employs a phenomenological approach as it tries to describe the meaning of a specific phenomenon for several individuals based on their real-life experiences, i.e., the phenomenon of entrepreneurial failure and leadership learning to improve capabilities. The phenomenological research design enables the formulation of composite descriptions based on the what and how of a phenomenon by gathering data from individuals who have lived that experience (Creswell, 2014).

To gather data, a sample of 8 entrepreneurs was selected using the criterion sampling technique which is based on the recognition and selection of information-rich cases. Based on the requirement of the study, various criteria can be set for sampling. For the present research, an important criterion was the selection of business owners owning an enterprise for at least three years. The other criteria included the employment of 5 employees and an experience of failure in their venture.

For this study, the most commonly used qualitative data collection tool was employed i.e., a constructed semi-structured interview (Willig, 2001). The interview guide provided the researcher with the direction for discussion and was based on a list of open-ended questions that aligned with the four research questions (Moustakas, 1994). Significant quotes and statements were identified from the interview transcripts to establish an understanding of entrepreneurial failure and leadership lessons learned. Based on common themes, the collected data was

organized. This allowed the development of clusters of meaning based on similarities of experiences common across all transcripts (Creswell, 2014). These common themes were analyzed to explore the answers to the research questions.

Researcher Assumptions

The key assumptions made by the researcher in this study are as follows:

- Failure is a common phenomenon that is experienced by everyone irrespective of the path they choose.

- Failure is a phenomenon that can be faced by entrepreneurs across industries, backgrounds, levels of knowledge, skill, and experience.

- Failure serves as an opportunity to reflect on current entrepreneurial activities and to learn from them.

- The sample of entrepreneurs selected for this research would be able to recall and effectively share their experiences of failure, especially during the pandemic.

- The selected sample of entrepreneurs would share significant insight and lessons learned from their past failures.

- Since an entrepreneur is not only the business owner but also a leader who leads the employees, the selected entrepreneurs will help consolidate leadership learning outcomes from failure experiences while also keeping in view the pandemic situation.

- The lessons learned by these entrepreneurs had a significant contribution to the development of their leadership knowledge, skill, and capabilities and guide future actions.

- As interviews are the main data collection tool for this study, it is assumed that the interviewees would respond to the questions with complete honesty.

Theoretical Framework

This section presents the definitions of the key terms along with the theoretical framework to guide research.

Entrepreneur

According to Hisrich (1990), an *entrepreneur* is someone who demonstrates initiative and creative thinking, is able to organize social and economic mechanisms to turn resources and situations to practical account, and accepts risk and failure. An entrepreneur is a business owner who establishes and develops a business (Zou, 2015).

Entrepreneurial Leadership

A specific type of leadership that influences others to manage resources strategically in pursuit of entrepreneurial opportunities (Ireland et al., 2003a). This leadership embodies the characteristics of successful leaders and entrepreneurs (Wang et al., 2012). This form of leadership is highly effective in highly competitive work environments characterized by increased challenge and uncertainty (Bagheri & Pihie, 2011b). *Entrepreneurial leadership* can be acquired and developed through experience in entrepreneurial activities (Kempster & Cope, 2010).

Failure

In the broadest sense, *failure* occurs when the outcome deviates from what is expected or desired by the entrepreneur (McKenzie & Sud, 2008). In the narrower sense, it can be regarded as a failure as a result of insolvency or bankruptcy (Cotterill, 2012). It can also be defined as the cessation of involvement in a venture because it has not met a minimum threshold for economic viability as stipulated by the (founding) entrepreneur (Ucbasaran et al., 2011). Failure is also synonymous with a distinct exit from the entrepreneurial activity or the business venture

(Wennberg et al., 2010). It may occur at the individual or firm level. At individual levels, an exit from the firm may not necessarily entail failure as entrepreneurs often exit the firm to collect their investment or may retire to follow an alternative employment path (Detienne et al., 2014; Wennberg et al., 2010). Whereas firms are forced to exit when they become financially unviable for business i.e., insolvency, or they might be closed down by the entrepreneur's choice due to insufficient return on investment. Firms may also be shut down if the assets are no longer worth any benefits (Coad, 2014). Firm exit, therefore, captures failure in a broader sense with some variance in the extent to which the business is economically unviable at the time of its closure.

Entrepreneurial Learning

Entrepreneurial learning is a facet of entrepreneurship that deals with learning at the individual as well as organizational levels (Harrison & Leitch, 2005a). Entrepreneurial learning is characterized as essentially cyclical, suggesting learning loops that emphasize the importance of experience and learning by doing, and the value to the learning of the critical event – knowing what works and does not work in preparation for the next time (Cowdean et al., 2019).

Entrepreneurial Action

Entrepreneurial action refers to behavior in response to a judgmental decision under uncertainty about a possible opportunity for profit (McMullen & Shepherd, 2006). The motivation behind such entrepreneurial actions is self-interest which is only rewarded to the extent that it creates a perceived contribution over existing solutions to current problems (McMullen, 2015).

Leadership

According to Rost (1991), *leadership* is an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes. Moreover, leadership can

be defined as a process in which a person or persons inspire(s) and motivate(s) the people to meet the shared goals or objectives which may be changed or added as per the needs and challenge (Malik & Azmat, 2019).

Phenomenology

Phenomenology explores the structures of consciousness as experienced from the first-person point of view (Smith, 2015). It is a qualitative research approach that aims at studying the lived experiences of several individuals regarding a phenomenon (Creswell, 2014). By revealing the meaning attached to these individual experiences the researcher tries to create a description of the what and how of the phenomenon (Creswell, 2014). It is also defined as the study of human experience and of the ways things present themselves to us in and through such experience (Sokolowski, 2000).

Qualitative Research

Qualitative research is a process of inquiry that is aimed at understanding a social or human problem based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting (Creswell, 2014). In contrast to quantitative research which focuses on large sample sizes, qualitative research emphasizes an in-depth understanding of a limited number of cases. It is characterized as being more flexible, unstructured, and descriptive as it explores feelings and perceptions and not just hard facts.

Significance of the Study

This qualitative phenomenology is significant as it explores various important dimensions of entrepreneurship. The results of this study may significantly impact entrepreneurs' perceptions of failure and its impact on future practice. Moreover, this research might develop the knowledge, skills, and capabilities of entrepreneurial leaders equipping them with ideas to face

failure and especially the importance of innovation in a drastic situation such as the pandemic. This study has important implications for the practice, leadership, and education of entrepreneurs.

In terms of practice, the results of this study may provide important insight into the overall field of entrepreneurship. The failure experiences of entrepreneurs and their resilience in such situations may inspire prospective entrepreneurs to gain important lessons which can be applied to their practice. It may provide a roadmap for newcomers to survive and even thrive on their entrepreneurial journey even when faced with obstacles.

This study also might significantly contribute to entrepreneurial leadership. By reporting on the stories of leadership development through failure, other leaders may be prompted to reflect on their practices and alter their perceptions and attitude toward failure. It may enable the business leadership to view failure as an opportunity to reflect and develop, thereby improving future practices. Furthermore, the narration of failure experiences resulting from the pandemic might enable other leaders to deal with drastic situations more effectively. By recording the entrepreneurial innovation and resilience displayed by many entrepreneurial leaders during and after the pandemic, this study might pave the path for other leaders to evolve and adjust to the new normal. Moreover, the leadership lessons learned during the pandemic might enable leaders to discover innovative solutions for recovering from the flailing economy post-crisis.

Lastly, by comprehending failure and its influence on an entrepreneur's leadership progress, valuable understandings can be established for entrepreneurial education. New entrants, prospective entrepreneurs, and current businessmen, all might benefit from this study. This benefit would be gained by learning about other people's practical experience in the field.

This learning might help in increasing knowledge and avoiding mistakes to gain success. This study might inspire others to transform their failures into the ultimate opportunities for success.

Limitations and Delimitation of the Study

A notable delimitation of this study is its sample size and sampling technique. By limiting the number of participants of this study to 8 entrepreneurs, the researcher aimed to purposefully select the participants who have experienced entrepreneurial failure. Additionally, the participants of this research belonged to the professional and personal network of the researcher. Moreover, this comparatively small sample size would enable the researcher to gather in-depth data. By opting criterion sampling method, the researcher has ensured that all participants have an experience of the phenomenon.

A possible limitation of this study can be the bias that may occur during the process of data collection. Since this study employs interviews as a primary source of data collection, the probability of human error in data recording and interpretation can be higher. These errors may also arise due to misunderstanding on part of the interviewee. To reduce the probability of bias, first, the researcher has clearly stated the key assumptions. Moreover, the data collection process is designed to reduce errors by employing a digital recorder to record all interviews and emailing the transcript of each interview to the interviewee for the purpose of verification.

Summary

The entrepreneurial journey is not characterized by smooth success and fortunes rather it is characterized by high levels of risk and uncertainty with increased chances of failure. While some obstacles are foreseen, others such as the COVID-19 pandemic are not only unforeseen but also may have wide-ranging impacts. These obstacles or failures can be viewed as an excuse to give up or as an opportunity to reflect, learn, and innovate.

Based on the assumption that failure is an opportunity to learn and improve, this "qualitative phenomenological study" explores the lived experiences of entrepreneurs in China with an aim to reveal the lessons learned by entrepreneurs when faced with failure. The study further aims to discover how the learning transformed the leadership practices of these entrepreneurs to handle problems and setbacks. Furthermore, the study shares advice from expert entrepreneurs with potential businesspeople with the aim to prepare them for future failures. This qualitative study employs in-depth interviews as a primary data collection tool from 8 entrepreneurs purposefully selected through criterion sampling. Moreover, the researcher's assumptions about the study have been clearly outlined along with the delimitations of the study. The significance of the study in terms of its contribution to the field of entrepreneurship research and development is also outlined as it impacts practices, leadership, and education.

With the conclusion of Chapter 1, the next chapter follows with a detailed discussion of the existing scholarly literature. By establishing a relationship between the various constructs of this research, a theoretical and conceptual framework will be outlined. The literature presented in Chapter 2 will be divided according to the theoretical constructs.

Chapter 2: Literature Review

Introduction

This chapter of the dissertation provides an overview of existing literature while examining, synthesizing, and evaluating the different constructs relevant to this study to design a theoretical framework. The review of literature is divided into six themes i.e., entrepreneurial challenges specific to China, and the impact of the pandemic on entrepreneurs, entrepreneurship, leadership, impacts of entrepreneurial failure, failure and entrepreneurial learning.

The first section explores the entrepreneurial challenges specific to China. Over the past few decades, entrepreneurship has evolved in China with a greater trend toward new startup businesses. The challenges faced in setting up and maintaining these small and medium-sized enterprises (SMEs) will be explored.

The second section deals with the effect of the COVID-19 pandemic on entrepreneurs. The recent pandemic brought the world at the standstill and adversely affected businesses globally. In this regard, the impact on entrepreneurial startups will be discussed.

The third section investigates the background, entrepreneurial process, and characteristics of entrepreneurs. An overview of the evolution of theories with time, with a shift from the 17th century's economic perspective to a behavioral and transdisciplinary one prevalent in the 21st century, is explored along with its social and organizational implications.

The fourth section is related to Leadership which aims to explore the various definitions of the construct in terms of a process rather than an action influencing others. There is a wealth of literature on leadership, and this part discusses leadership styles, traits, and approaches along with situational leadership and contingency theory.

The fifth section probes into the concept of failure specifically in the context of entrepreneurship as failure are regarded as an integral part of any entrepreneurial activity. The psychological and emotional impacts of entrepreneurial failure are elaborated.

The sixth section deals with entrepreneurial learning that occurs as a result of failure. As a driving force behind entrepreneurs' learning and progress, failure plays an important role both at the individual and organizational levels. This section explores the various aspects of learning and its relationship with the entrepreneurial process.

Entrepreneurship Challenges Specific to China

Entrepreneurship has significantly developed in China over the past two decades as a result of the Chinese economic reforms that have contributed to the transformation of the Chinese economy and society (Bruton et al., 2010). It has enabled the success of many private SMEs while unleashing China's entrepreneurs in every segment of Chinese society, contributing to the economic development of the country (X. Huang, 2016). However, various challenges have been identified that impact entrepreneurial activities in the context of China. These challenges are related to financing constraints, squeezed profit margins, and innovation difficulties (Murong et al., 2019).

Financial capital is one of the most important resources required by the businesses to set-up and subsequently operate within the market. Business performance is significantly impacted by the kind of financing they use when establishing a start-up (Cassar, 2004). For instance, it has been claimed that the amount and the sources of startup financing can both be extremely important to the company's success (Florin, 2005). The amount of capital required has been extensively studied. It is commonly known that the lack of funds contributes to the risk of innovations that has such a negative influence on new enterprises (Marlow & Patton, 2005).

Additionally, the accomplishments of a business venture is also associated with the source of financing (Christensen & Raynor, 2013). In this regard, private SMEs face major constraints in accessing and securing financing from the banking sector. Therefore, limited access to credit sources has been identified as a central institutional challenge faced by Chinese entrepreneurs. According to an estimate, only a small percentage of China's 40 million SMEs were able to secure bank loans or other forms of formal funding, which has an impact on their ability to succeed (Ji, 2009). This lack of formal funds has forced Chinese entrepreneurs to rely on their own sources therefore, entrepreneurs typically borrow money from friends and family or spend from their personal savings. However, various unofficial and grey market channels including venture capitalists, private equity investors, and business angels are emerging and growing in China (Newman et al., 2012).

Most of the small and medium-sized enterprises in China belong to resource-intensive and labor-intensive industries. Due to this, the SMEs are weak in terms of the development of core competencies and are small in size (Li et al., 2016). Historically, SMEs have relied on price advantage to gain a competitive advantage and excel in the market. However, recently there has been a continuous rise in the operational costs of SMEs. This increased cost contributes to reduced profit margin which is reflected in the loss status of SMEs. While in 2011, 9.7% of SMEs suffered a loss in China, this percentage increased to 18.8% in 2015. The rising cost can be attributed to declining in the supply of labor, policies for improved employee wages, investment in the provision of a better work environment, insurance, and increased employee rights awareness. Energy shortage and internationally increasing energy prices also contribute to increased costs and reduced profits (Cheng & Tang, 2016).

Innovation is one of the essential elements that provide a competitive edge to entrepreneurs. For higher productivity, there is a need to develop differentiated products and continuously invest in research and development. While larger manufacturing companies have access to state-of-the-art equipment and are able to innovate, small business owners are often constrained by funds (Li et al., 2016; Murong et al., 2019).

There are many other barriers that offer a challenge to entrepreneurship growth in China. Private entrepreneurs who lack government support may suffer as a result of the relatively high levels of corruption in Chinese courts, which often results in small businesses losing legal battles against powerful state corporations. Starting a business is also a very bureaucratic and time-consuming process. Moreover, at a cultural level, the Chinese Confucian principles of respect and submissiveness can clash with the values promoted by entrepreneurship (Javed, 2017).

Many foreign entrepreneurs have sought to enter the Chinese market to advance their businesses in recent years, however, these individuals and enterprises have faced various challenges. The foremost challenge is access to the local Chinese market. For a foreign entrepreneur, the local market evaluation may be challenging. Moreover, it may be difficult to ascertain the most suitable distribution channels and align practices with the relevant rules. Another challenge faced by new market entrants is to get the correct items into the proper local Chinese markets. Therefore, foreign entrepreneurs must conduct careful market research and assess the best business channels prior to joining the Chinese markets (Donnelly, 2021). Another challenge is related to foreign exchange control which is regulated by the State Administration of Foreign Exchange. The organization has complex administrative procedures and strict policies regarding foreign exchange which may lead to legal issues and operational difficulties for foreign entrepreneurs. Another challenge faced by foreign entrepreneurs in China is related to the

cultural and language barriers. A lack of formal education or work experience adds to the challenge of conversing in Chinese. Since English is not an official language in China, the local accents and language patterns often present difficulties for both Chinese and international businesses (Dickson et al., 2020).

Pandemic Impacts on Entrepreneurs

The COVID-19 pandemic generated an increasingly negative impact on the economies of countries around the world. Bringing the whole world to a halt, the pandemic impact all spheres of life including health, social life, mental well-being, a normal life routine, and businesses. Aspiring entrepreneurs and business owners are largely dependent upon macroeconomic factors for the success of their endeavors. With the onset of COVID-19, lockdowns were imposed leading to reduced revenues for existing businesses. According to the report of the China Association of Small and Medium Enterprises, the business income of nearly 67.69% of SMEs has reduced considerably whereas nearly 21.61% of SMEs face difficulty in the timely payment of loans and other debts. This results in a greater strain on operating funds. The companies that were unable to cut production costs, were faced with a negative cash flow. With constrained access to revenue and capital, the pandemic posed increasing threats to innovation, leading to a scarcity of business start-ups (Meunier et al., 2022).

According to Xu and Jia (2022), the pandemic has had a two-fold negative impact on entrepreneurs. The pandemic directly impacts their health and when their start-ups fail and are shut down, their income is diminished, leading to adverse effects on their well-being. The Enterprise Survey for Innovation and Entrepreneurship in China found that during the epidemic, entrepreneurs displayed a significant level of anxiety. For instance, Rong Chao, the founder of Yihua Technology (a B2B platform company for fresh flowers), claimed that although festive

occasions such as Valentine's Day were typically the highest selling times for the sector, the pandemic led to lost revenue, which made him lose sleep and face increased stress (L. Peng, 2020). Moreover, the procurement of new resources has become increasingly difficult preventing entrepreneurs from locating sufficient resources despite trying their best. Brown and Rocha (2020) discovered that the pandemic drastically decreased the amount of capital in the Chinese market, made resources more scarce, and made it more difficult for entrepreneurs to secure investments despite increased efforts.

Another challenge of the pandemic is its impact on the value offered by human capital. A decrease in this value has made it more challenging for businesses to react and adjust to emergencies (Yarovaya et al., 2021). One of the most critical assets for startups is human resources. It is also a significant source of knowledge (Halbesleben et al., 2014). The loss of human resources directly impacts business operations, hindering startups in their ability to discover and utilize fresh resources. The pandemic barred employees from physically reporting for duty and also diminished employee performance in the remote set up which is characterized by low efficiency. These elements further contributed to lowering the business profits. A series of terminations as a result diminishing business revenue further depleted the human resources of the company (Butterick & Charlwood, 2021).

The COVID-19 pandemic led to various preventive measures to limit the transmission of the virus. This significantly disrupted the social and economic factors related to entrepreneurship. While the adverse impacts of the pandemic were observed in businesses around the world, small and medium-sized industries, and startups were among the most vulnerable. These newly formed businesses were forced to lay off employees leading to widespread unemployment, decreased productivity, and ultimately the downfall of economies.

The global supply chain was also impacted by the pandemic. Due to a constraint on the supply of goods and services, entrepreneurs faced a considerable reduction in revenue (Meahjohn & Persad, 2020). According to Bodas and Peleg (2020), approximately 41% of startup businesses fell in the red zone during the pandemic and faced a decline in monetary resources. Similarly, nearly 74% of SMEs terminated the employment of their full-time worker. Moreover, 39% of these SMEs reduced their employees by another 20% later. With a crash in the share value, many entrepreneurs were forced to terminate all of their employees. In North America, employment was reduced by 84%, in Europe by 67%, and in Asia, 59% of employees faced termination (Bartik et al., 2020).

A study conducted by Schepers et al. (2021) explored the challenges faced by entrepreneurs during the first wave of the pandemic. During this time the most adversely impacted business functions were sales (60%) and operations (23%). During this time, the firms endeavored to continue the sale of their inventory however, they observed an obvious decline in the purchase. In this context, the attitude of growth-oriented entrepreneurs is further elaborated. It was found that these entrepreneurs viewed this setback as an opportunity to develop their entrepreneurial capabilities (Manfield & Newey, 2018). Two categories of capabilities were identified. The operational capabilities included management of cash positions, frequent and transparent communication, taking care of workforce. The dynamic capabilities included the

creation of new revenue models, build-measure-learn from the customer viewpoint, switching roles of the growth-oriented entrepreneurs, build-measure-learn from viewpoint of peer-related networks (Schepers et al., 2021). In regard to operational capabilities, entrepreneurs focused on cash management and business innovation through customer feedback. This innovation included a shift from the B2B model to the B2C model. Overall, the growth-oriented entrepreneurs

highlighted the areas of learning such as new ways of working, integration of digital technologies, and newly established sales approaches.

During the COVID-19 crisis, there were many opportunities for entrepreneurs to develop new skills, including supply chain innovation, digitization, and crisis management. According to Greiner's (1998) evolutionary theory of business growth, entrepreneurs should make the most of the past to better understand the current crisis, plan for future crises, and transition successfully from one growth stage to the next. While research indicates numerous pandemic-related constraints, it is also important to understand that innovation is the most essential function of an entrepreneur (Xu & Jia, 2022). Emergency situations such as the pandemic offer the perfect opportunity to innovate and design personal and professional capabilities that would support the survival of the business (Schepers et al., 2021).

Entrepreneurship

Historical Development of Entrepreneurial Theories

A review of the historical development of entrepreneurial theories is important to understand as it would highlight the evolving attributes associated with entrepreneurs along with the factors that contribute to their success. This historical overview is also important to establish how entrepreneurs have learned to deal with failure over time. The meaning of entrepreneur and entrepreneurship has evolved through centuries and until the middle ages, entrepreneurship was associated with taking charge of large-scale projects (Hisrich et al., 2018). The definition of an entrepreneur, as most people understand it, is someone who plans a business and takes on the associated risk in exchange for a profit. This concept of risk was first introduced by Richard Cantillon who coined the term entrepreneurship in 1755. Since then, theories on the phenomena of entrepreneurship have been a source of debate among academics and theorists (Cherukara &

Manalel, 2011). Cantillon believed that all economic interaction and circulation could be attributed to an entrepreneur who makes an uncertain profit thereby taking a risk, as contrasted to wage workers and landowners, who both receive a set or predictable income (Hebert & Link, 1989). Cantillon, therefore, presents a definition of entrepreneur as a person who balances supply and demand in the economy and takes on risk or uncertainty in this capacity (Bula, 2012). In 1771, Nicolas Baudeau was the first to introduce the idea that an entrepreneur might also be an innovator, bringing invention and innovation into the conversation. Additionally, he highlighted how processing information makes an entrepreneur a vibrant and effective economic agent (Grebel et al., 2001).

A novel idea in the advancement of entrepreneurship theory emerged as a result of the Industrial Revolution during the 18th century. By isolating them from finance suppliers, academics around this time aimed to redefine entrepreneurs (Hisrich et al., 2018; J. Zimmerman, 2008). For the first time, academics understood that entrepreneurs are not always those who invest in beginning a business. Venture capitalists, who typically have a lot of cash on hand, or banks that lend money in exchange for interest are two possible sources of investors. However, these entities cannot be termed as business owners who truly manage and run a firm. Therefore, as a unanimous agreement, academics established that venture capitalists must not be included in the definition of an entrepreneur (Hisrich et al., 2018).

In 1803, Jean Bapiste Say expanded on Turgot's concepts and redefined an entrepreneur as a significant figure in modern economics. Say identified a three-part division: (1) the philosopher who defines theory, (2) the entrepreneur who puts theory into practice by developing beneficial products, and (3) the laborer who provides manual executes the labor. The role of the entrepreneur is to coordinate and integrate the factors of production by successfully balancing

inputs and outputs, including the markets for raw materials, equipment, labor, and land. In return, the person is compensated for this coordination. This compensation includes wages that, in theory, is different from the capitalist's interest payments (Kalantaridis, 2004). In this regard, Say's ideas were primary in establishing how the roles of entrepreneurs differed from capitalists. He highlighted the importance of uncertainty as well. He realized that the uncertainty associated with entrepreneurial ventures was one of the major factors due to which being an entrepreneur was difficult. His ideas are regarded as a stepping stone for Schumpeter's entrepreneurship theory (Cherukara & Manalel, 2011).

In 1921, Frank Knight differentiated between risk and unpredictability and connected them to success of business and entrepreneurship. He asserted that since production takes time, uncertainty is an enduring factor in business decisions. Making decisions on inputs today will help produce output later on. This uncertainty prompts economic actors to take decisions based on their knowledge and judgments, level of foresight, managerial skills, and confidence. Entrepreneurs are able to predict the future, form sound hypotheses, and assume accountability and control (Bula, 2012; Cherukara & Manalel, 2011).

In 1928, by proposing the advanced idea of Creative Destruction by Entrepreneurship, Joseph Alois Schumpeter revolutionized the field of economics. For Schumpeter innovation is an industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact of capitalism (McCraw, 2010; Schumpeter, 2010, p. 83). This attributes entrepreneurs as innovators who create novel patterns of production elements while carrying out five important functions i.e., creation of new goods and commodities, devising

modern construction methods, development of new markets, procurement of supply sources, and development of advanced industries (Crute, 2010).

In contrast to the views presented by Cantillon regarding the risk-taking nature of entrepreneurs, Schumpeter posited that entrepreneurs are visionaries who possess the qualities of being a leader and innovators (Minniti & Lévesque, 2008). Schumpeter further asserted that capitalism not only never is but never can be stationary (2010, p. 83). The only constant in the development of capitalist economies is change. The rate of change, however, is not constant. According to Schumpeter, the development of capitalist economies is not continuous but rather abrupt as the disruptions of entrepreneurial innovation happen at irregularly regular intervals (Cherukara & Manalel, 2011).

In 1997, Israel Kirzner established his ideas and emphasized that entrepreneurial discovery takes place in a state of disequilibrium. He argued that a continual state of disequilibrium exists in the economy as a result of shocks that frequently affect it. Additionally, economic agents are completely ignorant as they simply are not aware that there is additional accessible knowledge to be used (Grebel et al., 2001). Therefore, being entrepreneurially aware means having an open mind to opportunities that have been previously overlooked. With each innovation, the entrepreneur learns something new that they had previously missed (Kalantaridis, 2004). Therefore, a market imbalance is regarded as an opportunity by entrepreneurs. Entrepreneurs that notice a market imbalance can satisfy consumer requirements by developing unique commodities and services (Spencer et al., 2008).

Throughout history, the perception of failure in the business world has undergone a significant transformation. Once viewed as a grave defect to be harshly penalized, failure has gradually become recognized as a natural occurrence inherent to the functioning of the economic

system. This paradigm shift has had far-reaching implications, not only influencing the evolution of bankruptcy laws but also shaping the policies aimed at fostering entrepreneurship in modern markets (Eklund et al., 2020). Bankruptcy law, from a technical standpoint, serves as an institutional framework for addressing market failures. The transformation of bankruptcy law has been instrumental in creating a more conducive environment for entrepreneurial activities. By providing a legal framework that addresses the consequences of business failure, it allows entrepreneurs to take risks without fear of catastrophic personal consequences. This, in turn, encourages innovation, investment, and economic growth.

In the context of China, the economic growth of the country can be attributed significantly to small and medium-sized businesses. With promising prospects of market development, numerous new entrepreneurs used diverse and rich channels to conduct various entrepreneurial activities leading to a year-by-year increase in the number of start-ups. However, is important to note that starting a new business is a complex process, therefore, it was observed that almost half of these startups remained operational for less than 10 years. This means that while new business owners appeared every year, many existing entrepreneurs left their businesses due to failure (M. W. Peng et al., 2010). Research regarding entrepreneurship and failure indicates that most small and medium-sized businesses are able to promptly respond to changing customer needs due to a high level of flexibility and a small number of employees, however, their failure has been associated with a lack of sufficient funds and their inability to invest in human capital. Moreover, these enterprises are not equipped to take on the challenges of the changes in the external environment, leading to a failure (Pan et al., 2022).

With the advent of the 21st century, the research pertaining to entrepreneurship gradually moved away from an economic perspective and toward a behavioral approach. Over the past 20

years, modern economic theories of entrepreneurship have evolved continuously. These theories

are influenced by a variety of academic fields, including sociology, psychology, and history

(Franek et al., 2019). As a result, the field's recent methodology has shifted toward a more

multidisciplinary focus. Modern studies in the field of entrepreneurship should look beyond

economic considerations to understand all entrepreneurial behaviors as both environmental and

human elements are crucial for understanding how entrepreneurs behave (Murphy et al., 2005).

The Entrepreneurial Process

It is important to understand the entrepreneurial process as it highlights the various

factors that contribute to each step of the entrepreneurial activity. By outlining the various steps

of this process, a systematic determination of factors contributing to failure can be possible.

Moreover, it can also help in establishing the psychological, social, emotional, and financial

demands associated with this process and an entrepreneur's response to these factors. The

process of entrepreneurship is not based on a singular perspective, rather it is an integration of

personal, environmental, social, and organizational perspectives. According to Bygrave and

Zacharakis (2004), the entrepreneurial process is based on a set of steps that follow each other. It

begins with the conception or idea of a business venture and is followed by the events that

prompt operations. Recognizing opportunities is the first stage in the entrepreneurial process that

enables entrepreneurs to look for untapped opportunities in the market. Opportunities may arise

from a complex interplay of shifting external factors including economic upheaval, social

conditions, and political situations. Being perceptive to changes in those circumstances,

entrepreneurs are able to spot possible business opportunities (J. Zimmerman, 2008). The events

that prompt action are largely based on decision-making, more importantly, the decision to be an

entrepreneur (Zou, 2015). Therefore, after an opportunity has been realized, individuals make

decisions about being entrepreneurs. The decision to pursue an entrepreneurial career is influenced by two major motivators (Ronen, 1983). First is the individual's interest in starting a business in second is the predicted outcome or probable fortune yielded by the identified opportunity. The second motivator plays a greater part in influencing and entrepreneurial activity rather than a mere desire to be an entrepreneur. The entrepreneurial process is associated with many other benefits which may influence an individual's decision such as peer recognition, respected social status, and financial freedom.

Next, the implementation of ideas takes place followed by continuous growth (Bygrave & Zacharakis, 2004). This process of entrepreneurship outlined by Bygrave and Zacharakis does not take place in a vacuum, rather at each stage, critical factors impact business development which may be personal attributes or environmental characteristics (2004). Through a combination of actions such as quitting a job, purchasing resources, hiring employees, setting up a workspace, etc. the entrepreneurial process proceeds. The entrepreneurial process is not always followed in a definite order as oftentimes it can exhibit a chaotic pattern where some activities predominate for a while over others (Gatewood et al., 1995; Nassif et al., 2010).

Bygrave and Hofer (1992) defined the entrepreneurial process as a personal pursuit of opportunities aimed at creating and innovative organization. The authors also highlighted nine essential characteristics of this process. In this regard, an entrepreneurial process is characterized by free will or self-determination. This process occurs within an entrepreneur's firm and contains change as well as discontinuity. The entrepreneurial process is dynamic by nature with unique experiences for each entrepreneur. This holistic process involves various precedent variables such as customer needs, business strategy, and competitor positioning. Lastly, these precedent variables strongly influence the outcomes of any entrepreneurial venture.

Guerrero et al. (2021) aimed to establish the various factors that influence the entrepreneurship process. In this context, heterogeneous environmental conditions such as policies and procedures, culture, funding, labor market, research and development, market dynamics, and professional infrastructure were recognized across countries. The study asserted that for a successful entrepreneurial process, the context of the activity and diversity played a significant part. Among the favorable conditions, investment in research and development, professional support, and networking with multiple agents were highlighted. On the other hand, lack of funding, social norms, and labor market conditions contributed to less favorable environmental conditions.

Research on the process and traits of entrepreneurship in relation to failure provides valuable insights into the dynamics and factors that contribute to success or failure in entrepreneurial endeavors. In this context, research suggests that failure can be a powerful teacher for entrepreneurs. Experiencing failure and reflecting upon it can lead to valuable learning outcomes, such as increased knowledge, enhanced problem-solving skills, and improved decision-making abilities Politis (2008) explored the significance of previous start-up experience as a means of learning in the entrepreneurial journey. The study focused on three specific learning outcomes and compares habitual entrepreneurs, who have prior start-up experience, with novice entrepreneurs who are new to the entrepreneurial process. The three outcomes under examination were: 1) skills for dealing with the challenges faced by new ventures, 2) the preference for a reasoning approach known as effectual reasoning, and 3) mindsets towards failure. The results of the study indicated that there are notable differences between habitual and novice entrepreneurs in relation to these dimensions. The findings suggest that habitual entrepreneurs possess distinct skills and capabilities that help them cope with the obstacles

commonly encountered by new ventures. They are better equipped to handle the liabilities associated with starting a new business.

Resilience and perseverance are important skills associated with the entrepreneurial process. Resilience, characterized by the ability to bounce back from failure and persist in the face of adversity, is an important trait among successful entrepreneurs. Resilient individuals are more likely to view failure as a temporary setback and continue pursuing their goals (Cardon et al., 2005). Moreover, the way entrepreneurs perceive and manage risks can influence their likelihood of encountering failure. Research suggests that successful entrepreneurs tend to have a realistic understanding of risks, carefully assess them, and implement effective risk management strategies (Al-Mamary & Alshallaqi, 2022). Effective risk management includes aspects such as diversification, contingency planning, and seeking expert advice to mitigate potential failures.

Characteristic Traits of Entrepreneurs

Numerous academics have investigated the contributions of entrepreneurial traits that enable individuals to succeed in their entrepreneurial careers. The research in the area of entrepreneurship demonstrates that entrepreneurs possess certain common traits. Although defining an entrepreneur precisely is difficult, the traits demonstrate a constancy in nature that can contribute to outlining the important characteristic features. Entrepreneurial research can be categorized into two main categories i.e., research regarding the contextual factors (social, economic, and political) and research regarding the personality traits of entrepreneurs (Salamzadeh et al., 2014).

Various attributes have been associated with entrepreneurs. Rauch and Frese (2000) highlighted autonomy and independence as essential traits whereas Gibcus and Ivanova (2003) identified an entrepreneur as an optimist with a desire for achievement and a need to be

autonomous. Similarly, Stroe et al. (2018) highlighted risk perception and self-efficacy as important entrepreneurial attributes. Some of these psychological traits increase the likelihood that an entrepreneur will launch their business. It is widely acknowledged that entrepreneurs are people who act and put out strong, consistent efforts to turn their concepts and ideals into successful, operational businesses (Gieure et al., 2020). This propensity for action is essential to the entrepreneurial process (Baum et al., 2007). As a behavioral trait, entrepreneurship is termed to be genetically determined. This inherent trait prompts entrepreneurs to react differently to external stimuli, particularly those involving danger, risk, excitement, and change (Fisher & Koch, 2008).

Despite the various entrepreneurial traits identified in the literature, four personality traits have been discussed most frequently. These include personal values, locus of control, need for achievement, and risk-taking (Gibcus & Ivanova, 2003; McClelland, 1987; Salamzadeh et al., 2014). Personal values are of great significance in successful entrepreneurial outcomes. Personal values of autonomy, achievement, and leadership are found to be higher in entrepreneurs as compared to others (Hornaday & Aboud, 1971). Moreover, the personal values of being fortitudinous, visionary, honest, trustworthy, and brave are also associated with entrepreneurs (Smilor, 2004).

Rotter presented the Theory of Social Learning in 1966 and introduced the concept of locus of control. Since then, many theorists have considered the locus of control as a trait. The basic tenet of Rotter's theory is that how individuals interact with their environment determines their personality. This theory emphasizes the impact of beliefs and reward values on behavior while focusing on a particular context. Locus of control, in general, is the extent to which individuals believe they can influence the consequences that impact them (Rotter, 1966). Locus

of control may be internal or external. External locus of control is characterized by an occurrence that is interpreted by outside forces such as destiny or luck, or by those in charge of other people. These factors are not only outside one's influence but also complex and unpredictable. In contrast, an internal locus of control is established when a person's own actions or personality traits have the power to affect an event. Research implies that entrepreneurs have a better inclination toward internal control than the general population (Salamzadeh et al., 2014).

According to McClelland, a need for achievement is the driving force behind a specific set of entrepreneurial behaviors. According to his definition, it is a desire to do well for the sake of an inner feeling of personal accomplishment and he believes it to be the primary motivation behind achieving a goal tied to a set of criteria (McClelland, 1965).

Another aspect of the entrepreneurial process that is commonly discussed is risk-taking which may be financial, social, or psychological (Hisrich et al., 2018). Entrepreneurs can be set apart from managers in the sense that they not only take risks but also create new ones (Atherton, 2004). They not only assume financial risks, such as those associated with starting a new company, but also social and personal consequences related to their careers, families, and well-being. However, entrepreneurs steer clear of risks that they cannot adequately assess and have only moderate control over. This distinguishes them from the risk-taking behavior of gamblers (Liles, 1974).

Leadership

The concepts of leadership and entrepreneurship are essential to the theoretical foundation of this study. By exploring the key theories of leadership, this section aims to form a basis for leadership lessons learned through the process of entrepreneurship and the probable failure associated with it. Leadership, as a concept, is most intricate and multifaceted. According

to Warren Bennis (2009), leadership remains one of the least understood concepts despite being one of the most researched ones.

Numerous definitions and theories of leadership have been put forth by researchers over the years. Stogdill describes leadership as "the process (act) of influencing the activities of an organized group in its efforts toward goal setting and goal achievement" (1950, p. 4). According to Northouse (2022), leadership is not a single isolated action, rather it encompasses a process. This process is carried out by the leader to persuade the followers to work toward a common objective. Similarly, Kouzes and Posner (1995) regard leadership as the art of mobilizing individuals for the achievement of common aspirations whereas Maxwell (2005) states that leadership is influence. Any organization's success is believed to be dependent upon effective leadership. Leadership goes beyond setting up expectations and aims toward progress (Williams, 2005).

Leadership theories such as authentic leadership and ethical leadership also provide important insights regarding failure. Authentic leadership theory suggests that leaders who display authenticity and transparency are better equipped to handle failures. Research indicates that authentic leaders build trust, maintain open communication, and foster psychological safety, allowing their teams to learn from failures without fear of punishment or retribution (Walumbwa et al., 2008). Authentic leaders acknowledge their own failures, take responsibility, and use them as teachable moments to enhance team performance. Similarly, ethical leadership research highlights the importance of ethical decision-making and accountability in the face of failure. Ethical leaders prioritize the greater good, act with integrity, and take responsibility for failures, even if they are not directly responsible (M. Brown et al., 2005). They promote a culture of transparency, learning, and ethical behavior, mitigating the likelihood of failures caused by

unethical practices. Adaptive leaders also embrace failure as a natural part of the change process and promote a culture that encourages experimentation and learning from failures (Heifetz et al., 2009). They create an environment where failure is viewed as an opportunity for innovation and growth rather than a sign of incompetence.

The history of leadership and failure is intertwined, as leaders throughout time have faced various challenges and encountered failures in their endeavors. Research suggests that effective leaders learn from failure and use it as a platform for growth and improvement. They engage in reflective practices, analyze failures, and extract valuable lessons that inform their future decision-making and leadership approaches (Day et al., 2014). Learning from failure can enhance leaders' knowledge, skills, and resilience, ultimately improving their ability to lead and navigate complex challenges.

Traits Theory

The traits approach of leadership emerged as one of the earliest methods which establish the traits of both successful and unsuccessful leaders. This approach focuses on the personalities and traits of leaders. In other words, early academics thought that it was possible to tell leaders from non-leaders by their innate characteristics. As a result, scholars throughout this time period concentrated more on analyzing the exact characteristics that were common among great leaders (Robbins & Judge, 2013).

The trait approach contends that leaders possess specific physical and psychological features that distinguish them from non-leaders. Jenkins (1947) identified two traits i.e. emergent traits and effectiveness traits. The emergent traits are genetically influenced and include height, attractiveness, intelligence, and self-assurance whereas effectiveness traits are acquired and based on learning and experience (Jenkins, 1947). Similarly, the Big Five personality factors

theory outlines five factors and their association with leadership. These include neuroticism, extraversion, openness, agreeableness, and conscientiousness with extraversion and conscientiousness most closely linked to effective leadership (Northouse, 2022). While certain traits are associated with effective leadership, the absence or extreme presence of these traits can contribute to leadership failure (Ozbag, 2016). For instance, leaders who exhibit high levels of neuroticism may struggle to remain composed under pressure, making irrational decisions. Similarly, individuals lacking in extraversion may struggle to communicate and connect with others, hindering their capacity to inspire and influence their subordinates.

Style/ Behavioral Theories

The behavioral or style approach emphasizes leaders' behaviors as opposed to the traits approach, which concentrates on leaders' traits and personalities. This approach aims to categorize leaders' actions and the impact of these actions in affecting followers' ability to accomplish a task. Much like one size does not fit all people, one leadership style cannot work in all circumstances. In 1989, GaryYukl presented three distinct leadership styles i.e., democratic, autocratic, and laissez-faire. In addition to performing with high levels of energy and excitement, those who worked under the leadership of democratic leaders reported high levels of satisfaction, creativity, and drive. They also maintained stronger relationships with the leader. However, even democratic leaders can experience failure if they fail to effectively communicate or involve their followers in decision-making processes.

On the other hand, workers under autocratic leaders were primarily concerned with producing greater output. This style of leadership may lead to high productivity in certain situations but can also result in reduced morale and resistance from followers. Leadership failure

can manifest when autocratic leaders disregard the opinions and needs of their subordinates, leading to a lack of engagement and collaboration (Van Vugt et al., 2004).

Laissez-faire leadership has been considered to be most suitable when leading a group of greatly driven, trained, and knowledgeable individuals (Ahmed Khan et al., 2016; Yukl, 2013). However, leadership failure can occur if the laissez-faire leader neglects their responsibilities, fails to provide guidance or support, and allows the team to lack direction or coordination.

Contingency/ Situational Theories

According to the contingency or situational theory, There is no single right way to lead because the internal and external dimensions of the environment require the leader to adapt to that particular situation (Greenleaf, 2002). The theory of contingency posits that a single leadership style is not all-encompassing because leadership is influenced by many different factors, such as followers, quality, situations, and other factors. Most of the time, leaders influence people within the organization along with the dynamics and atmosphere. The theories of contingency are a subset of behavioral theory that, in a straightforward sense, contests the idea that there is a single best method of organizing and leading and that some situations call for a particular leadership approach while others do not (Northouse, 2022). According to the contingency or situational theory, leadership failure can be attributed to the mismatch between the leader's approach and the demands of the particular situation. When leaders fail to adapt their leadership style to the specific circumstances they are facing, it can lead to ineffective leadership and negative outcomes (Johansen, 1990; Mircetic & Vukotic, 2020).

Transformational Leadership

Transformational leadership is based on the premise that leaders should inspire, motivate, and encourage their followers (Aarons, 2006). Today, the world has become increasingly

challenging and complex. In the current era, leadership theories are required to address the

massive globalization, technological inventions, and continuous change, prompting a shift from

the old-style theories of leadership that define leadership as a unidirectional, top-down

influencing process, drawing a distinct line between leaders and followers (Benmira & Agboola,

2021). This new leadership era focuses on the complexities of interaction between the leader,

followers, situation, and the overall system. The leadership focus has shifted considerably to the

dormant leadership capacities of followers with an aim to activate them successfully. This theory

is most helpful when an organization is going through a significant change or needs a new

direction. According to Bass and Avolio (1994), a transformational leader attempts to induce

followers to reorder their needs by transcending self-interests and strive for higher order needs.

Such a leader goes beyond mere agreements and exchanges when interacting with followers and

colleagues. Despite its potential benefits, transformational leadership can also be associated with

leadership failure if not implemented effectively. Transformational leaders are expected to adapt

to changing environments and guide their followers through uncertainty. However, if a leader

fails to adapt to new circumstances or lacks the necessary skills to navigate complexity, their

leadership may falter (Chen et al., 2018).

Entrepreneurial Leadership

Within the fields of leadership and entrepreneurship, entrepreneurial leadership is a

relatively new paradigm with its theoretical foundations still under development (Bagheri &

Pihie, 2011). Historically, entrepreneurs have been viewed as visionary leaders who depended on

others to carry out their plans. Entrepreneurs ultimately develop and lead a team devoted to

achieving their vision by being adept at persuading and inspiring individuals to join and work for

them. As a result, it is asserted that entrepreneurial leadership entails leadership tasks such as

creating clear objectives and vision, promoting opportunities, and managing a group of people (Cunningham & Lischeron, 1991). At the individual level, entrepreneurs and leaders share a number of traits, such as creativity, a willingness to take calculated risks, and the capacity to see the future of their companies and organizations (Fernald Jr et al., 2005). While considering the similarities in the two fields, some academics characterized entrepreneurship as a sort of leadership and identified most of the entrepreneurial behaviors as leadership behaviors, though in a specific setting (Cogliser & Brigham, 2004; Fernald Jr et al., 2005).

Bagheri and Pihie (2011) outlined proactiveness, innovativeness, and risk-taking as the personal capabilities of business leaders. Similarly, Swiercz and Lydon (2002) identified intellectual integrity, promoting the company rather than the individual leader, utilizing external advisors, and creating a sustainable organization as self-competencies of entrepreneurial leaders (Bagheri & Pihie, 2011). Moreover, finance, marketing, and human resources were identified as the most essential functional capabilities of business leaders (Swiercz & Lydon, 2002). The three potentially harmful behaviors of entrepreneurial leaders are risk confrontation, stress, and ego. For instance, business owners may become physically ill as a result of severe stress brought on by high risk. Additionally, an overbearing need for control, a sense of distrust, an overriding desire for success,or unrealistic optimism resulting from an entrepreneur's ego may either help them succeed or impair their judgement while making business decisions (Kuratko, 2007).

Research indicates six distinguishing characteristics of entrepreneurial leaders. First, entrepreneurial leaders constantly strive for the development of entrepreneurial capabilities related to innovation and strategic resource management. Second, these leaders promote innovative thinking by openly discussing the advantages of inventiveness. Third, entrepreneurial leaders are able to actively identify opportunities and clearly translate them into achievable

outcomes. Fourth, these leaders effectively assess and evaluate market assumptions and aim to achieve the most conducive option for the company to achieve the identified opportunity. Fifth, these leaders maintain the company's focus by continuously reflecting on and evaluating the company's processes. Lastly, entrepreneurial leaders retain their resource advantage while striving to generate outcomes of greater value (J. Covin & Slevin, 2017). In light of these distinguishing characteristics, entrepreneurial leadership can be defined as the ability to influence others to manage resources strategically in order to emphasize both opportunity-seeking and advantage-seeking behaviors (Ireland et al., 2003b).

Entrepreneurial leadership is crucial in the setting of small businesses since an entrepreneur's capacity for leadership can decide the course of a small company. In this regard, entrepreneurial leadership aims to create a vision and develops a team to support it (Gupta et al., 2004). Developing the theoretical foundation of entrepreneurial leadership, Gupta et al. (2004) highlight that during organizational development, entrepreneurial leaders face two interrelated problems. The first challenge referred to as scenario enactment, entails imagining the future and constructing a scenario of creative possibilities. This failure may occur when entrepreneurial leaders struggle to effectively imagine and articulate a compelling vision resulting in the organization struggling to survive in the complex business landscape and adjust their practices to the evolving market conditions.

The second issue is cast enactment, which is described as persuading and motivating a group of capable and dedicated supporters who are capable of achieving the scenario's goals. Entrepreneurial leaders must be proactive, imaginative, and willing to take risks in order to meet these problems and also strive to build commitment among their followers (Gupta et al., 2004). This can be attributed to the leader's inability to effectively communicate and rally their team

members around the envisioned future. When the cast enactment fails, team members may

become disengaged, demotivated, and less committed to achieving the organization's objectives,

leading to a breakdown in collaboration and reduced overall performance.

Leadership failure in the context of entrepreneurial leadership can have significant

implications. Without a clear vision of the future and the ability to inspire and mobilize a capable

team, the organization may struggle to adapt to changing circumstances and capitalize on

opportunities. This failure in leadership can lead to stagnation, missed opportunities, and

ultimately, the decline of the organization's competitive position. Additionally, it can impact

employee morale, trust, and engagement, undermining the overall productivity and effectiveness

of the workforce (Yang et al., 2019). Therefore, leadership failure in entrepreneurial settings has

far-reaching implications for both the organization and its stakeholders.

Psychological and Emotional Impacts of Entrepreneurial Failure

Entrepreneurial Failure (EF)

Despite advanced planning and calculations, entrepreneurial failure is quite likely to

occur due to reasons outside the control of an entrepreneur. EF is regarded as an important part

of the entrepreneurship process (McGrath, 1999; S. Zahra & Dess, 2001). A broader definition of

EF can be regarded as a deviation of outcomes from the expected goals of the entrepreneur

(McKenzie & Sud, 2008). Cannon and Edmondson (2001) also define failure as a:

> deviation from expected and desired results. This includes both avoidable errors and
>
> unavoidable negative outcomes of experiments and risk-taking. It also includes
>
> interpersonal failures such as misunderstanding and conflict. Our conceptualization is
>
> deliberately broad, encompassing failures of diverse types and magnitude, because we

propose that opportunities for learning exist in both minor misunderstandings and major mishaps. (p. 162)

EF can be defined as the cessation of involvement in a venture because it has not met a minimum threshold for economic viability as stipulated by the (founding) entrepreneur (Ucbasaran et al., 2011). In the context of entrepreneurial activity, failure results in insolvency or bankruptcy (Cotterill, 2012). Entrepreneurial failure may be defined as a psycho-economic phenomenon that occurs when an organization undergoes a series of underperformances and leads to the entrepreneur's psychological state of hopelessness and disappointment. This failure may be caused by the lack of achievement of set expectations such as poor efficiency, delayed innovation, insufficient return, etc. (Khelil, 2016; Klimas et al., 2021).

Failure is defined as involuntary change in both the ownership and management of the business owing to poor performance (Shepherd, 2003b). It can be synonymous with a distinct exit from the entrepreneurial activity or the business venture (Wennberg et al., 2010). Failure may occur at the individual or firm level. At individual levels, an exit from the firm may not necessarily entail failure as entrepreneurs often exit the firm to collect their investment or may retire to follow an alternative employment path (Detienne et al., 2014; Wennberg et al., 2010). Whereas firms are forced to exit when they become financially unviable for business i.e., insolvency, or they might be closed down by the entrepreneur's choice due to insufficient return on investment. Firms may also be shut down if the assets are no longer worth any benefits (Coad, 2014). Firm exit, therefore, captures failure in a broader sense with some variance in the extent to which the business is economically unviable at the time of its closure. Moreover, EF may be a result of legal issues, personal problems, or the dissolution of a business partnership (Singh et al., 2007a).

There are various causes of failure among which economic recession is an important factor. In situations where the economy is compromised such as during a natural disaster or other emergencies such as the pandemic, small and medium-sized enterprises are greatly impacted (Jin et al., 2017). These smaller businesses find it increasingly challenging to enhance their sales due to changing customer behavior who are more eager to save money rather than spend it.

Entrepreneurial activity can also be explained in terms of social capital which plays an essential role in determining the success or failure of a new venture (Bamford et al., 2006). As entrepreneurs, social capital which includes business connections, networks, and personal relationships, provides a competitive advantage to the individual. During the pandemic or other disastrous situations, the social network may become compromised, leading to the eventual failure of enterprises.

Several types of reasons can be identified as the major causes behind entrepreneurial failures. In most cases, entrepreneurial failures are caused because of various types of entrepreneurial traits and processes. These issues are often seen in the failure histories of entrepreneurs all over the globe.

Initially, the entrepreneurial process is an integrated one that needs to be properly performed by any entrepreneur for performing the duties successfully. An entrepreneurial process can be divided into some major steps including idea generation, opportunity evaluation, planning, business formation, launch, and growth (McCann & Vroom, 2015). Each of these steps is needed to be completed using appropriate tactics and resources. The inability of completing even a single one among them can cause huge suffering for the entrepreneur. Firstly, a suitable idea needs to be generated which should possess the capability of meeting market needs and filling market gaps. In the next phase, this idea needs to be evaluated based on the particular market where the

entrepreneur is intending to launch the business. Inaccurate market evaluation can provide wrong ideas about the market which will lead to making inappropriate decisions. The next step is about making suitable planning for the business that should possess enough level of flexibility. Many entrepreneurs make unrealistic planning without following any particular theory like SMART objectives which causes them failure on implementing the ideas and adapting to any type of change (Leschke, 2013). Aside from these, business formation and launch also need to be done in the right way by recruiting quality employees, using adequate resources, building proper infrastructure, and implementing the planning accurately. From the inability of performing any of these steps, an entrepreneur fails in ensuring the maximum utilization of any entrepreneurial opportunity.

Apart from the entrepreneurial processes, a lack of entrepreneurial traits also often causes entrepreneurial failures. An entrepreneur should possess some distinct traits or skills which would help him/ her in becoming successful in the entrepreneurial initiative. These include communication, innovation, vision, flexibility, leadership, knowledge and information, confidence, and so on (Lombardi et al., 2021). All these traits are quite significant for any entrepreneur to master of. Lack of these traits inside an entrepreneur can cause several issues in the business initiative which might be quite tough to overcome. Communication is one of the most important ones among these that indicate the ability to communicate with anyone, anytime easily. An entrepreneur needs to keep a connection with several types of stakeholders of the business to perform all the activities of the organization smoothly. Without decent communication skills, this cannot be done by an entrepreneur. On another hand, innovation is a primary need that makes an entrepreneur generate noteworthy ideas and tactics for the business which can reshape business processes, products, and services positively (Feldman, 2014). Aside from these, a visionary mind and a higher level of confidence are also compulsory for entrepreneurs to possess. Many

entrepreneurs also fail because of not being able to lead the organization or the team in the proper manner. Flexibility is also substantial for leadership that makes a leader adaptive to any type of condition. Confidence also needs to be integrated with the leadership for getting the maximum output. This trait is quite momentous for an entrepreneur in several aspects. Finally, adequate knowledge and information also need to be possessed by an entrepreneur which will assist in making the right decisions. Entrepreneurs without enough level of information about the product or the market often fail to make appropriate moves in the market causing huge failure.

In this highly competitive business world, an entrepreneur should possess the maximum potential for being a successful entrepreneur based on entrepreneurial traits and entrepreneurial processes. Otherwise making the right decisions cannot be possible which can lead any business toward failure within no time.

The Impact of Entrepreneurial Failure

Entrepreneurs may incur a range of monetary, psychological, and social consequences in the event of failure. A loss or decrease in personal income may be linked to financial consequences. The social costs of failure include events such as divorce or the loss of a significant social network, as well as the effects of failure on interpersonal and professional relationships (Cope, 2011b; Harris & Sutton, 1986).

In terms of financial impacts, entrepreneurs who seek immediate success often make aggressive investments which may either result in huge financial losses or major success. According to a study conducted by Cope (2011), a majority of participants reported experiencing a certain degree of financial loss as a result of entrepreneurial failure. In minor cases, participants reported a financial loss in terms of loss of income due to the closure of business. In more severe cases, financial damage in the form of loss of personal assets, such as property, retirement funds,

and pension was reported. Long-term financial losses result in the entrepreneurs' incurring debts but extensive greater damage. In some cases, the loss can be recovered by finding alternative employment or starting a new venture (Singh et al., 2007a).

Entrepreneurial failure may also impact the individual's social relationships. The concept of failure has a certain stigma attached to it which leads to some individuals engaging in "self-imposed social distancing and withdrawal" (Cardon et al., 2011; Ucbasaran et al., 2013a, p. 177). The social impact of a failure at a personal level is characterized by an increased sense of loneliness stemming from the embarrassment to face family or peers after suffering a loss. Singh et al. (2007) regarded this feeling of loneliness as a starting point of social cost which in extreme cases may even lead to a breakdown of relationships such as divorce. In contrast, at a professional level, these individuals must mend their relationships with their employees, customers, partners, and investors, developing a relationship based on regained trust. In case of severely damaged business relationships, legal actions such as lawsuits may be enacted.

The humiliation associated with failure often leads to a social devaluation of the person who is no longer able to conform to social norms (Sutton & Callahan, 1987). The psychological consequence of entrepreneurial failure is either emotional or related to motivation. Emotional consequences may manifest through the negative of, regret, anguish, embarrassment, shame, rage, guilt, and fear of the future (Cope, 2011b; Shepherd, 2003b). Regarding the motivational elements of psychological costs, several authors pointed out that entrepreneurs who fail experience a sense of helplessness that lowers their beliefs in their capacity to lead tasks successfully in the future (Bandura, 2001; Shepherd, 2003b). Various studies have indicated that grief is a common psychological outcome of failure. Moreover, feelings of panic, helplessness, loss of control over a situation, and experiencing varying degrees of anxiety, fear, and depression

are also highlighted. Self-denial and anger are also psychological impacts of entrepreneurial failure (Cope, 2011; Singh et al., 2007).

Additionally, the entrepreneur's response as well as the environment in which he or she is operating might have an impact on how severe these adverse effects are. The process of learning from failure may be impacted by the consequences and scope of these interrelated costs (De Hoe & Janssen, 2022; Ucbasaran et al., 2013a).

Failure is a common word for any entrepreneur. The path toward achieving success is not smooth for any entrepreneur. Each one has to cross a road that is quite tough and full of failures. These failures are needed to be taken normally by any person which is confident to the maximum extent and have the potential of becoming successful one day. However, not everyone can take these failures positively. The tremendous impact of entrepreneurial failures is seen among entrepreneurs all over the globe. These failures can be assessed from two significant viewpoints-social and psychological.

The psychological one is closely related to individuals who fail in implementing the idea properly and achieving success. This refers to the impact of any failure of the entrepreneurs on their mental conditions. Mental condition is the primary and most notable one which faces the negative impact of experiencing an entrepreneurial failure. In most cases, it deteriorates the confidence level of an entrepreneur to the maximum extent (Liu et al., 2019). After facing failures, entrepreneurs become reluctant to take another entrepreneurial step. Psychologically an entrepreneur becomes so much reluctant that he/ she does not get engaged in any type of entrepreneurial activities in the future. Because of this reluctance, even notable and strong ideas remain unimplemented. On another hand, entrepreneurial failures create fear among the entrepreneurs that resists them from gathering more courage and initiating the business again

(Cacciotti et al., 2016). Financial loss is a major impact of entrepreneurial failure which also causes psychological deterioration of confidence. Another impact is seen in the passionate mentality of the entrepreneur which becomes eradicated because of entrepreneurial failures. These psychological impacts are often connected with other types of outcomes of entrepreneurial failures. For example, social issues also make entrepreneurs less confident about themselves.

Social issues are most acute for which not only an entrepreneur but also his/ her friends and relatives become affected. The failure of a courageous entrepreneurial step creates misconceptions in society and members of the society start possessing negative ideas about the entrepreneur. It sometimes creates deterioration in the social status of the entrepreneurs. This social outcome often impacts the psychological condition of the entrepreneurs negatively to the maximum extent. The most important aspect of entrepreneurial failure is seen in the mocking of friends and relatives of the entrepreneur in society. An entrepreneur has to tackle these issues and energize him/ herself again for new ideas which becomes much tougher for lots of entrepreneurs. This is why they don't think again about entrepreneurship after one or two failures. The negative social impacts become most acute in societies where people do not possess an adequate level of knowledge about entrepreneurship and several of its aspects. In these societies becoming a successful entrepreneur and taking the burden of previous failures on the shoulder is quite tough. Besides, other people with innovative ideas also become demotivated by seeing the failure of one entrepreneur.

The social impact of entrepreneurial failure is quite acute and needs to be eradicated for mitigating its psychological impact (Ucbasaran, et. al., 2013). Psychological pressure is created by social impacts in most cases as these are connected. This is why to create an entrepreneurship-friendly environment, social negative outcomes of entrepreneurial failures need to be eradicated.

Thus a society can be built where entrepreneurs will not face any type of psychological pressure or burden to continue their activities being confident and fearless.

Failure and Entrepreneurial Learning

Learning is a multifaceted phenomenon that affects practically every aspect of human endeavor. For instance, cognitive, behavioral, emotional, and social components – all have a role in learning (Cope, 2011). Furthermore, learning is a situated and (re)generative activity that, both instinctively and with the consent of the learner, builds upon and adds to one's direct and indirect experiences (Nogueira, 2019). Additionally, learning is a phenomenon that affects teams, companies, and individuals as well. While exploring the nature of entrepreneurial learning, Wang and Chugh (2014) summarized three important points. First, entrepreneurial learning applies to individuals as well as organizations (individual and collective). Second, it is the practice of learning behavior (exploratory and exploitative) by firms and individuals. Third, it is based on the individual's learning style (intuitive and sensing).

In the current economic scenario, engagement in learning is central to the progress of entrepreneurs as this learning enables the development of competencies required to create a thriving business. These competencies pertain to forecasting the market potential for new technologies, generating revenue to create new startups, and managing enterprises to develop and advance a business from the initial stages to the stage of maturation (Harrison & Leitch, 2005b). Similarly, Smilor (2004) pointed out that the entrepreneurial process is centered around learning. Successful entrepreneurs are exceptional learners who take advantage of every learning opportunity. As a result, they are both innovators and practitioners who emphasize learning from everyday practices.

Research regarding learning from entrepreneurial failure emerged more than fifteen years ago (Shepherd, 2003). Since then, the field has been gaining momentum. Research has shown, as was first emphasized by Shepherd (2003), that failure creates possibilities for learning but also presents a challenging learning environment. The overview of qualitative research by Amankwah-Amoah et al. (2018) and Cope (2011) offer intriguing insights into the learning mechanism, however, a majority of research focuses on the influence of specific single factors on learning from failure. These factors include personality traits such as narcissism which creates cognitive and motivational obstacles to learning and present greater implications when the costs associated with failure are high (Liu et al., 2019). Another factor is the individual's initial knowledge as Politis and Gabrielsson (2009) established that previous start-up experience is strongly associated with a more positive attitude towards failure. Moreover, business closure resulting from poor performance is a highly useful source of learning as opposed to business closure due to more personal reasons which may not produce the same learning (Politis & Gabrielsson, 2009). The factor of attributing failure to a particular cause also influences learning. In this regard, Yamakawa et al. (2015) established that the internal attribution of blame for failure results in positive learning and growth of subsequent entrepreneurial ventures.

According to Cope (2011), recovering from failure is a learning process with a variety of higher-level learning outcomes possible. Entrepreneurs can gain a better understanding of themselves through failure. Self-reflection is very important for entrepreneurs since it enhances their network expertise, interpersonal skills, and venture management abilities. Therefore, self-reflection will boost entrepreneurs' chances of success in their upcoming endeavors. A dynamic relationship exists between entrepreneurial failure and success (Coelho & McClure, 2005).

Entrepreneurs learn from setbacks and develop more realistic expectations of what they can accomplish and how they should persevere in the face of uncertainty.

Learning from failure occurs at both individual and organizational levels (Wang & Chugh, 2014). This concept is further extended by Cannon and Edmondson (2001) who distinguished between the individual and organizational learning barriers. At an organizational level, the barrier to learning is the risk of being stigmatized and the apprehension of losing compensation and future possibilities within the organization, in contrast to learning barriers like self-efficiency and low self-esteem at the individual level. Organizational leaders should encourage their staff to learn from mistakes and have an extraordinary attitude toward failure in order to reduce these learning obstacles. Furthermore, leaders play important responsibilities in safeguarding the psychological health of their subordinates when a failure occurs in order to ensure that subordinates are motivated to learn from failure and ultimately improve their performances (Hirak et al., 2012).

Learning from the failure of an entrepreneurial endeavor has been explored through psychological and cognitive perspectives. In the context of the psychological perspective, the role of grief is important to consider. Grief has the potential to obstruct how the human mind processes information, which could be an obstacle to learning. Entrepreneurs' emotional interference with learning lowers to a point where learning can take place only once they have overcome their loss. Entrepreneurs start to learn when they gather data and consider the causes of failure. Entrepreneurs can have a greater grasp of their prior choices and actions with the aid of this learning process. Additionally, it assists them in expanding their expertise in successful corporate management. However, the pain of failure has an impact on how people learn and develop their entrepreneurial roles. Since entrepreneurs are business proprietors, they will

probably take their company's failure personally, which frequently causes anguish. Entrepreneurs learn differently from the grief of a company loss as compared to grief from a personal loss even the loss of close relatives. While the loss of a loved one results in "highly philosophical and existential" learning, the loss of business results in learning that is increasingly "practical and constructive" (Shepherd, 2003b, p. 320).

In the context of cognitive perspectives, research indicates that failure results in the improvement of the entrepreneur's ability to recognize an opportunity. This enhanced opportunity recognition can be attributed to the increased use of mental structural alignment. This cognitive tool enables effective comparison and evaluation of consequences. The cognitive structural alignment not only improves the identification of new opportunities but also the evaluative skill to assess the advantages of the probable new venture. This evaluation enables the entrepreneur to better match the product and services to the target market's requirements (Mueller & Shepherd, 2016).

Summary

This literature review has covered shed light on the contemporary theories of entrepreneurship, leadership, entrepreneurial leadership, failure, and learning. The two broad concepts of this study are entrepreneurship and leadership. By narrowing down the discussion about these two constructs, the concept of entrepreneurial leadership is presented as it is one of the central aspects of entrepreneurial success. Since leadership plays a central role in dealing with the challenges of a new startup venture, incompetence in this aspect may lead to venture failure. This concept leads to two important subcategories namely entrepreneurial failure and learning. By presenting the previous literature, a definition of failure has been established in the context of entrepreneurship along with its probable causes and effects. A review of the literature

indicated learning is a central aspect of the entrepreneurial process. This learning takes place as the attitudes and actions of entrepreneurs alter as a result of failure. Entrepreneurial learning leads to reflection, which enables entrepreneurs to lead their organizations more effectively in the future. Since risk is the central element of entrepreneurial activity, emergencies such as the pandemic exacerbate the risk factor. Keeping this in view, the effect of the pandemic on business owners, leadership, and their learning is also discussed.

The next chapter presents the method of research used in this study in detail. This will indicate the guidelines and the framework that guide this research. The upcoming chapter will also describe how data sources were selected and define the unit of analysis. The chapter explains the design of the interview guide which was used as a tool for data collection. Moreover, a description of reliability and validity of the instrument is presented with other procedures and protocols of data collection. Lastly, a description of the process of analyzing data and interpreting the results is also highlighted.

Chapter 3: Methodology

Introduction

The present chapter of the dissertation explains the methodology used in this study. A comprehensive description all of the methods used to conduct this research are also presented that indicate the guidelines and the framework of this study. Moreover, the chapter describes the process for the selection of research participants and defines the units of analysis. The chapter presents the tool for data collection, the reliability and validity of the data collection tool, and the process of gathering data. Lastly, the chapter describes the process of analysing data.

Restatement of Research Questions

This study was guided by three research questions:

- What are the causes of the failures entrepreneurs explain?

- What are the psychological, emotional, social, and financial impacts of failure?

- What lessons can entrepreneurs learn from failures?

Research Methodological Approach and Study Design

It is essential to outline the structure or research design for the logical flow of any research. The research design is essential in ensuring that the evidence obtained enables us to answer the initial question as unambiguously as possible (Vaus & Vaus, 2013). It is based on a series of systematic steps that maintain the integrity of the study by guiding data collection and analysis (Creswell & Creswell, 2018). Research methodology or paradigm provides the philosophical foundation for any research. The word paradigm is of Greek origin, and it means pattern. The term research paradigm was first used by Kuhn (1962) in the context of a philosophical way of thinking. According to Kivunja & Kuyini (2017), the term paradigm is also used to describe perspective, or thinking, or school of thought, or set of shared beliefs, that

informs the meaning or interpretation of research data. The research methodology or paradigm is central to any research, and it is based on different steps that inform the research procedure. This process provides a structure to the research and creates a link between research outcomes and questions while directing the exploratory process, instrumentation, data collection, and analysis (Zukauskas et al., 2018).

For the selection of an appropriate research methodology four major research factors must be carefully considered. First, the researcher must consider the problem at hand. Second, it is important to consider the intention of conducting any research. The third factor that must be considered is the theoretical framework for the research. Lastly, it is important to outline the type of data that the researcher may collect for the problem under study (Roberts, 2010). Keeping these four factors in view, the present study used a qualitative research design. By employing a "phenomenological approach", the researcher aimed to explore the leadership lessons learned from entrepreneurial failure.

Qualitative Research Method

Qualitative research is an umbrella term that encompasses wide-ranging philosophies and techniques. In the broadest terms, it is an approach that is used to explore people's experiences through the use of research methods that aim to gather in-depth information. Common examples of qualitative research methods include interviews, focus group discussions, observations, content analysis, visual methods, and life histories or biographies (Hennink et al., 2020). Qualitative research differs from quantitative methods which aim to test theories by exploring the relationship between different variables. In contrast, qualitative research focuses on understanding, explaining, discovering, and exploring particular situations, peoples' perceptions, attitudes, beliefs, values, and experiences (Kumar, 2018). An essential part of the qualitative

research approach is the interpretation of non-quantitative data by the researcher. This data may be in the form of interview transcripts, field notes, artifacts such as photographs, recordings, or biographical notes. Another important aspect of qualitative research is that it tends to take place in the natural settings of the participants. This enables the researcher to search for the meaning of certain phenomenon and interpret it as it occurs (Creswell & Creswell, 2018).

This study aimed to study the experiences of entrepreneurs who had faced failure and the learning that takes place as a result of failure. Moreover, the study focused on entrepreneurial failure, especially during the pandemic, and established the actions taken by entrepreneurial leaders to lead their organizations in the midst of failure. Therefore, a qualitative research design was a suitable approach for this study.

Phenomenological Approach

A phenomenological approach is used to describe the meaning of a phenomenon or a concept based on the lived experiences of several individuals (Creswell & Creswell, 2018). According to Manen (1990), the phenomenological approach is aimed to condense individual experiences into a universal essence. This is done by exploring the individual experiences and attempting to grasp the very nature of the phenomenon or the concept. Moustakas (1994) explains the concept of phenomenological research design as an approach that enables the researcher to develop composite descriptions of what and how individuals experienced a particular phenomenon. These descriptions are formulated by collecting data from people who have lived that experience (Creswell, 2007). After collecting detailed data on individual experiences, the researcher aims to identify the commonalities that exist between these individual descriptions of a lived experience (Darling, 2012).

Keeping in view the benefits of the phenomenological approach, this study intended to explore the phenomenon of failure in the context of entrepreneurship. By collecting descriptive data from participants, the researcher then outlined the common grounds across participant descriptions about entrepreneurial failure and learning.

Researcher's Bias and Bracketing

Participants' experiences are significantly impacted by consciousness, which plays an essential role in qualitative research. Consciousness also plays an important role in an individual's perception of reality and interpretation of experiences (Creswell, 2007). Moreover, the use of language is central to conveying information about the conscious experiences, therefore, participants' descriptions of the phenomenon were carefully considered by the researcher. The overall essence of entrepreneurial failure was analyzed by the researcher by audio recording the participant interviews (Creswell, 2007; Darling, 2012). The researcher's personal consciousness and ability to understand participants' responses were also considered during the interview process. To overcome any barriers to understanding, the researcher asked follow-up questions to gain clarity of the participants' viewpoints. The follow-up and clarification helped in removing misconceptions and diminishing the chances of data misinterpretation. It also enabled the researcher to thoroughly understand participants' viewpoints about the phenomenon of entrepreneurial failure and learning.

Another important aspect of qualitative research is that researchers must not rely on a predetermined theory or hypothesis while exploring the phenomenon under study. This is because a predetermined idea may lead to influencing the research results due to the researchers' personal biases. Therefore, it is important to control such preordained assumptions and biases (Creswell, 2007; Darling, 2012). Phenomenologists incorporate the

technique of bracketing to control these assumptions. This concept was first introduced by

Husserl (1931) and was further elaborated by Moustakas (1994). An important step in

bracketing is that researchers document any prior experience that they may have regarding

the phenomenon under study.

Data Sources

The selection of data sources requires careful identification of the research population

and the application of appropriate sampling methods to select the sample for the study.

Population and Sampling Processes

In any type of research, the choice of an appropriate sampling strategy is as essential as

the selection of a suitable methodology and instrumentation (Cohen et al., 2007). Sampling is

important as it helps the researcher in outlining the population for this study which can be

defined as a group of people that exhibit similar features that are congruent to the interest of the

researcher (Creswell, 2007). Numerous factors such as time, accessibility, and research cost may

present a challenge in data collection from the entire population, therefore, often the researchers

select a subset of the overall population. This subset is referred to as a sample that is selected in a

manner that is representative of the total population (Cohen et al., 2007). In qualitative research,

there is no strict regulation regarding the sample size. According to Patton (2002), qualitative

research can be conducted with the smallest sample size of a single individual. Dukes (1984)

asserts that for phenomenological research an ideal sample size consists of 3 to 10 participants.

These participants must have phenomenon-related experiences which serve as the primary

criteria for sample selection (Creswell & Creswell, 2018). For this study, the researcher selected

a sample size of 8 entrepreneurs selected through criterion sampling. This sampling method

enables the identification and selection of information-rich sources (Miles & Huberman, 1994).

For the present study, the researcher selected participants based on the criterion that these entrepreneurs have owned a business for at least three years. Secondly, they have employed at least 5 employees at their enterprise. Moreover, participants were selected keeping in view that they have an experience of failure in their entrepreneurial venture. By following the predetermined criteria, the researcher selected participants for this study from personal and professional networks. The Chamber of Commerce, Beijing is one such contact that was willing to share the connection of its members. Individual emails were sent out to all participants informing them about the purpose. Since the study involved non-English speakers, professional translation of consent documents was sent to participants via email. The participants received the translated consent forms and accepted the request by attending the interview. After the fulfillment of the targeted sample size of 6-12 entrepreneurs, the selection process came to an end. The emails were sent well before time to ensure that the participants can accommodate the interview in their busy schedule.

Data Gathering Instruments/ Tools

The researcher developed 11 open-ended questions to collect sufficient data from the participants through an in-depth interview. For each research question, the researcher included interview questions that enabled the researcher to develop composite descriptions of the phenomenon under study.

Research Question 1: How do entrepreneurs explain the reason for their failure?

Interview Question 1: In your opinion, what do you think is the meaning of failure?

Interview Question 2: Please describe any experiences of failures that you may have experienced regarding your business venture.

Interview Question 3: Do you think that the pandemic has impacted businesses? If so, please describe your experiences during the pandemic.

Interview Question 4: Which factors do you think have impacted businesses the most?

Research Question 2: What are the psychological, emotional, social, and financial impacts of failure?

Interview Question 5: Could you describe your psychological and emotional state during and after the failure experience?

Interview Question 6: Could you describe how this failure impacted your social relations?

Interview Question 7: What do you think were the financial impacts of this failure experience? How did this impact you and your company?

Research Question 3: What lessons can entrepreneurs learn from failures?

Interview Question 8: Describe some of the most important lessons that you have learned through failure.

Interview Question 9: As a company leader, how do you think those failures have influenced the way in which you lead yourself and your company?

Interview Question 10: How do you think young entrepreneurs can prepare themselves to avoid failure, especially during unforeseen circumstances such as the pandemic?

Interview Question 11: Is there anything else that you would like to add?

Validity and Reliability of Instruments/ Tools

Irrespective of the research structure or the paradigm being followed, the establishment of validity is one of the most important aspects of any research as invalid research would lead to worthless results (Cohen et al., 2007). According to DeVellis (2016), valid research is one that correctly measures what it is intended to measure and presents an accurate description and/ or

explanation of the real-life phenomenon that the researcher is interested in exploring. The validity of a research instrument is the extent to which it measures what the researcher wants to measure (Kumar, 2018). For the present research, the researcher ensured the validity of the instrument by reviewing the interview questions in light of the feedback provided by the panel of experts. The feedback highlighted any vague terms that may mislead or confuse the interviewees and impact the validity of the instrument. To improve the clarity and precision of questions, the language of interview questions was revised. Another psychometric measure that is essential in gauging the adequacy of a data collection instrument is reliability. The term reliability can be defined as the degree to which the measure of a construct is consistent or dependable (Bhattacherjee, 2012). According to Kumar (2018), the reliability of an instrument is determined by two important components: consistency and stability. An instrument that produces stable and consistent measurements can yield accurate and predictable results (Creswell, 2007). According to Lincoln and Guba (1985), reliability is important in establishing the trustworthiness of any research. To establish reliability, the researcher conducted a pilot interview to get the practice. A pilot interview can be used to address potential practical issues in the research procedures. It can help identify flaws and limitations within the interview design that allow researcher make necessary modifications. Moreover, to ensure that the interview process is not hindered by any technological glitch, the one-on-one interviews were recorded using a digital audio recorder. Prior to recording the interviews, participants were informed, and recording was done upon their consent. The audio files were saved to the researcher's password-protected laptop, and the audio files were deleted from the digital recorder. The researcher also arranged a backup device and also ensured that the devices are fully charged and do not present any problems regarding voice quality. Through these measures, the researcher attempted to gather consistent data recordings.

Through the use of Iflytek software, the researcher created interview transcripts. To ensure the accuracy of transcripts, each transcript was carefully reviewed and verified.

Data Gathering Procedures

The foremost step in the data collection procedure is the review of literature related to entrepreneurship, leadership, and failure as presented in Chapter 2. This review helped in the identification of gaps in the literature and led to the development of research questions and the interview guide. This was followed by outlining the research population and selecting a sample of 6 to 12 entrepreneurs. The researcher then sent out emails to each participant explaining the purpose of the research along with the details of the research procedure, benefits, and any potential risks. Moreover, the consent form to participate in the research along with the interview questions was also sent via e-mail to apprise the participants about the interview structure. This offered a chance for the participants to prepare for the interview. Once participants agreed to attend the interview, either the face-to-face or online interview was arranged based on the preference of the participants in accordance with their schedule and location. During the interview, the researcher recorded the conversation and also made notes of any important points. With the permission and consent of the participants, the conversation was audio-recorded using the recording device of a digital recorder. The audio files were saved to the researcher's password-protected laptop, and the audio files were then deleted immediately from the digital devices used to record them. Through prompts and follow questions, the researcher gained clarity about any ambiguous statements and allowed the interviewee to do most of the talking. Throughout the interview, the researcher took on the role of a facilitator who encouraged detailed descriptions of the phenomenon as experienced by the interviewees. The researcher followed the interview protocols ensuring that the respondents felt comfortable. The participants

were given breaks after each twenty minutes of the conversation. Participants were also informed that if they feel anything uncomfortable, they could opt out of the study at any point of the study. To put the participant's minds at ease and to ensure that they did not fear the interview, the researcher began by asking a few getting-to-know-each-other types of questions. Approximately, each interview lasted for about 60 minutes. During the interview, the researcher adhered to the qualitative interview skills of authenticity and trustworthiness by keeping eye contact and displaying that the researcher uses active listening with participants (Moodian, 2011). By following these protocols, the researcher created rapport with the participants, encouraging them to share their experience of entrepreneurial failure without judgment.

An important ethical consideration during any research is the maintenance of participants' confidentiality. Keeping the participants' identities anonymous is one of the most important responsibilities of any researcher. For the present research, the researcher prioritized participants' privacy, and at no stage of the research, the participant's personal information was shared with anyone. The consent forms were not required to be signed and returned to protect participants from any potential breach of confidentiality. For the returned consent forms, they were collected electronically and stored in a passcode-protected laptop. The laptop was locked in a desk drawer of the researcher when the researcher was absent. The researcher used a secure network with a firewall to conduct the Zoom meeting. The Zoom meeting required passcode to join. Only the participant received the passcode. Once the participant joined the meeting, the researcher locked the meeting room to prevent any other interruption. The meeting was audio-recorded using a digital recorder. The audio files were saved to the researcher's password-protected laptop, and then the audio files were deleted from the digital recorder. The interview transcripts were labeled by assigning a numerical value such as Participant 1, Participant 2, Participant 3, and so forth.

Data collected through audio recording and note-taking were securely stored on a password-protected computer and not shared publicly. The interviews were transcribed and coded only by the researcher and audio recordings and notes were destroyed after the interviews were transcribed. After the study was completed, the consent forms were destroyed. The protected and locked data will be destroyed up to 3 years after the study is completed.

Human Subjects Consideration

For a phenomenological study, the protection of human subjects is an important ethical consideration. For this purpose, the researcher adhered closely to the "Institutional Review Board (IRB) policy at Pepperdine University".

IRB Category of Research

For the present study, the researcher closely followed the rules outlined by the IRB of Pepperdine University. The participant consent form is an important aspect of the IRB review and it is aimed at protecting all human subjects from any potential risks. This form includes various elements which are outlined below (Creswell & Creswell, 2018):

1. The participants are requested to take part in the research voluntarily.

2. At any point during the research, the participants have a right to withdraw from the study, with or without any reason.

3. Prior to the interviews, the purpose of the study and the research procedure must be clearly stated and communicated to the participants.

4. The participants must be communicated with any potential risks that may impact them before conducting the interviews.

5. The benefits of conducting the research must be clearly stated and communicated to the participants.

6. The identities of all the participants must be kept confidential throughout the research and after it.

7. The researcher and the participants must sign the consent forms.

The "IRB application package" was submitted to the IRB office at Pepperdine University and interviews were planned after gaining approval.

Data Analysis Process

For this study, a phenomenological data analysis process was adopted to explore the lived experiences of entrepreneurial failure and learning. The researcher used Nvivo 12 software. Phenomenological data analysis enables a sense of novelty that produces descriptive and information-rich data (Anderson & Spencer, 2002). Interview data were transcribed only by the researcher. The researcher analyzed the data by bracketing his personal experiences. Specifically, the researcher provided documentation covering his reflection on entrepreneurial failure. Thus, this process enabled the researcher to hold an open attitude to concentrate on the participants' experiences.

According to Creswell (2007), phenomenological data analysis involves the compilation of data into several themes through coding and condensing the codes, and finally representing the data in figures, tables, or a discussion. Next, the researcher abstracted the results with the help of a qualitative coding software: the Nvivo 12 software. After listening, reading, and analyzing every interview recording and transcript, the researcher formed codes for each transcript line by line with single words, short phrases, or long sentences, organized data by themes and categories, and then synthesized and summarized the data. The significant statements were identified from each transcript and refined into themes aimed at answering the research questions.

Summary

Chapter 3 presented a detail of the research methodology. Keeping in view the purpose of the study, a qualitative phenomenological approach was adopted. By using criterion sampling, 6 to 12 entrepreneurs were purposefully selected. These entrepreneurs had owned businesses for at least three years, have 5 employees working for their enterprise, and have experienced failure in their business venture. This qualitative study used interviews as the instrument for data collection. The interview guide was based on 11 open-ended questions that corresponded to research questions. The instrument was established by a panel of experts examining the interview guide and providing feedback. The reliability of the data was ensured through pilot testing. Through qualitative data analysis, the researcher coded the interview transcripts and identified significant themes and statements which were used to answer the research questions. The researcher also followed the IRB procedure to minimize any risk to the participants. Chapter 4 of this dissertation will present the findings of this research.

Chapter 4: Results

Introduction

As outlined in Chapter 3, this study employs a phenomenological research approach to explore the failure experiences of entrepreneurs. Chapter 4 of this dissertation provides details of the descriptive interview data collected from the participants. Moreover, the chapter presents the analysis of data along with the findings drawn from the gathered information.

Demographic Information of Research Participants

This study aimed to explore the entrepreneurial failure experiences in China to establish lessons that would guide leadership through the lessons learned from such experiences. For this, the researcher opted for criterion sampling to select a sample of 8 participants who fulfilled predefined criteria. Firstly, the participants in this research had to meet the criteria of owning a business for at least three years. Secondly, they had to meet the criteria of employing at least five employees at their enterprise. Lastly, participants were selected keeping in view that they had an experience of failure in their entrepreneurial venture.

To begin the data collection process, the researcher sent out emails to 12 individuals belonging to personal and professional networks. Within a week of sending the emails, the researcher received a positive response from eight individuals. These participants signed the consent forms and agreed to participate in the study, allowing the use of a digital audio recorder to record the interview conversation. Interviews were scheduled between May and June as per the availability of each participant. Each face-to-face interview lasted for about 60 minutes. The entire interview process was guided by the interview protocol. After conducting each interview, the transcript was sent to the interviewee for approval. All participants approved the transcripts of the interview conversation.

A detail of demographic information is presented in Table 1. The demographic

distribution of the participants highlights information about their gender, years of experience as

well as industrial association. Among the 8 research participants, 6 were males whereas 2 were

females. The average age of the study participants was 51 years, ranging between 39- to 64-year-

olds. The participants belonged to different industries in China and had an average

entrepreneurial experience of 21 years, ranging from 10 years to 29 years.

Table 1

Demographics Data of Participants

Respondents	Gender	Age	Business	Years	Qualification	Marital status
Respondent1	M	50	Media Advertising	15	Bachelor's	Married
Respondent2	F	56	Import/export trading	29	High school	Married
Respondent3	M	51	AI	23	Master's	Married
Respondent4	M	48	Semiconductor	19	Bachelor's	Married
Respondent5	M	53	Electrical machinery	24	Master's	Married
Respondent6	M	64	New energy	27	Bachelor's	Married
Respondent7	M	53	Manufacturing	22	Bachelor's	Married
Respondent8	F	39	Kitchen Appliances	10	Bachelor's	Married

Data Analysis

The coding of the interview transcripts began after the approval of the interview

transcripts by the interviewees. The researcher abstracted the results with the help of a qualitative

coding software: the Nvivo 12 software. And a rigorous approach was adopted to code the

transcripts by reading each one at least three to four times. In qualitative research, coding refers

to the process of analyzing and categorizing data collected from interviews, observations, or

other sources. Coding involves systematically assigning labels or tags, often in the form of

keywords or phrases, to different portions of the data to identify patterns, themes, and concepts

(Adu, 2019). Saldana (2012) describes code as a word or a short phrase that represents and

captures the main idea, important aspect, or significant essence of a portion of data. This code is

a means to summarize and evoke the key content or meaning of the data in a concise and meaningful way. For this research, the process of coding was done by carefully reading each line of the interview transcript and highlighting any words or phrases that could be indicative of an important concept. These codes were recorded in the page margins as the researcher continued to read and re-read the transcript. The same process continued for each page of the transcript.

The next step in the coding process was refining the codes. For this purpose, the recordings were listened to once again by the researcher, the codes were reviewed, and any unnecessary code was eliminated. The purpose of refining the identified codes was to ensure that each code was representative of a key concept. Another important step taken to define the codes was the participation of a neutral peer reviewer who did not have any prior association or knowledge of this study. Peer reviewers play a crucial role in ensuring the reliability of coding in qualitative research. Reliability refers to the degree of agreement or consistency between different coders or reviewers in the coding process (Sattler et al., 2015). It is important to establish high reliability to ensure the credibility and trustworthiness of the research findings.

When selecting a peer reviewer for coding in qualitative research, several attributes are typically considered. Firstly, expertise in the research area or methodology is crucial, as the reviewer should possess a deep understanding of the subject matter to effectively analyze and interpret the data. The peer coder selected for this study was an experienced academic researcher working at a university with appreciable experience in qualitative coding methods. Secondly, the peer coder needed to maintain the confidentiality of the participants, as the peer code plays a critical role in ensuring the integrity of the research process. For this purpose, the researcher took several steps. Any information regarding participants' identities was removed from the transcripts before sharing them with the peer coder. Moreover, the peer coder signed a non-

disclosure form to maintain confidentiality. The researcher held a face-to-face meeting with the peer coder to review the coding results. Overall, the codes identified by the two reviewers were mostly similar with some differences in the words used for labeling the codes.

Following the generation of codes, the researcher listed significant statements. According to Creswell (2013), this step of the research is the horizontalization of the data. Horizontalization involves organizing and presenting research findings in a way that allows for the exploration of themes and patterns across different participants or cases, rather than focusing on individual cases in isolation. It involves identifying commonalities, differences, and relationships between various data points to gain a broader understanding of the research topic.

In this study, horizontalization was implemented by using Nvivo 12. Codes for each question were listed in separate tabs. The researcher then analyzed the data from multiple participants and compared their responses and experiences. The researcher identified common themes, patterns, and key ideas across the participants' data. By horizontally organizing the findings, the researcher was able to explore the similarities and differences in participants' perspectives, experiences, and opinions. After identifying the common responses, interviewees with similar responses were counted. A statement was considered significant if it was represented in at least four interviews. From these significant statements, the researcher created larger clusters i.e., themes (Creswell, 2013). The following section presents the findings drawn from significant statements and themes.

Findings

Chapter 3 of this dissertation presents a detailed overview of the instrument for data collection. As indicated, 11 interview questions were designed corresponding to the 3 questions

guiding this research. Table 2 presents an overview of these questions along with the interview questions.

Table 2

Research Questions and Corresponding Interview Questions

Research questions	Corresponding interview questions
1. What are the causes of the failures entrepreneurs explain?	➢ In your opinion, what do you think is the meaning of failure?
	➢ Please describe any experiences of failures that you may have experienced regarding your business venture.
	➢ Do you think that the pandemic has impacted businesses? If so, please describe your failure experiences during the pandemic.
	➢ What factors do you think have resulted in failure the most?
2. What are the psychological, emotional, social, and financial impacts of failure?	➢ Could you describe your psychological and emotional state during and after the failure experience?
	➢ Could you describe how this failure impacted your social relations?
	➢ What do you think were the financial impacts of this failure experience? How did this impact you and your company?
3. What lessons can entrepreneurs learn from failures?	➢ Describe some of the most important lessons that you have learned through failure.
	➢ As a company leader, how do you think those failures have influenced the way in which you lead yourself and your company?
	➢ How do you think young entrepreneurs can prepare themselves to avoid failure, especially during unforeseen circumstances such as the pandemic?
	➢ Would you like to add to add anything else?

The data analysis of interviewee responses revealed 22 significant statements. Table 3 presents the significant statements along with the frequency of responses counted by the researcher.

Table 3

Frequency of Significant Statements

Interview Questions	Significant statements	*n*
1. In your opinion, what do you think is the meaning of failure?	Self-reflection	7
	Motivation for change	7
2. Please describe any experiences of failures that you may have experienced regarding your business venture.	Piracy/ malicious competition	4
	Lag in Technology	4
3. Do you think that the pandemic has impacted businesses? If so, please describe your failure experiences during the pandemic.	Closure of business	4
	Loss of international customers	5
4. What factors do you think have resulted in failure the most?	External environment	5
	Poor management	6
5. Could you describe your psychological and emotional state during and after the failure experience?	Anxiety	7
	Sleep disruption	4
6. Could you describe how this failure impacted your social relations?	Family support	5
	Team opposition	4
7. What do you think were the financial impacts of this failure experience? How did this impact you and your company?	Lower revenue	5
	Debt	4
8. Describe some of the most important lessons that you have learned through failure.	National developmental needs and policy changes	6
	Technological innovation	7
	Customer focus	6
9. As a company leader, how do you think those failures have influenced the way in which you lead yourself and your company?	Effective management system	7
	Openness and team communication	5

Interview Questions	Significant statements	n
10. How do you think young entrepreneurs can prepare themselves to avoid failure, especially during unforeseen circumstances such as the pandemic?	Anticipate risk and prepare in advance	5
	Persistence	4
	Keep learning	7

In the following section, detailed findings through the responses to the interview questions are presented. The section highlights the quotes from interviewees that helped in the identification of significant themes. The first four interview questions correspond to the first research question, the next three questions correspond to the second research question, whereas interview questions eight to eleven correspond to the third research question.

Research Question 1: What are the causes of the failure entrepreneurs explain?

Interview Question 1. Following is the first question for interview: In your opinion, what do you think is the meaning of failure?

In this context, two significant statements emerged i.e., reflection on self and motivation for change. 7 out of 8 respondents reported that failure is a chance to self-reflect on the ongoing practices whereas 7 out of 8 respondents reported that failure is an event that creates motivation for change. Some typical responses from interviewees are presented below:

According to Participant 1:

Entrepreneurship is about going through fire and water which is filled with countless risks and uncertainties. Failure is inevitable and a cornerstone towards success. The experience of *failure made me re-examine myself and found myself deviating from my initial intention, deviating from the main road so that I could return to the right path.*

Participant 2 responded:

Times are moving fast, markets are changing fast, and the *failures are often a reminder of whether I'm keeping up with the market*. Many times, there is no choice which *forces me to change*. For example, I have to move the fashion shows online.

Participant 4 answered:

Failure *forces us to break the old patterns and to rebuild*. Otherwise, we will collapse. The point of failure is to put people into desperate situations, then *reflect* and *force themselves to make huge changes.*

Participant 5 responded:

The significance of failure is that it has *given me a deeper understanding of my own shortcomings, and my own lack of perception.* At the same time, it gave me great *power to make changes.* Without a bad defeat and hurt very badly, there is no power to make the change.

Participant 6 replied:

Failure is also a kind of motivation, forcing companies to *make adjustments, re-examine themselves, look at the market, find new demand points*, and sustainable development points, and make every effort to make the transition.

Interview Question 2. The second interview question was as follows: Please describe any experiences of failures that you may have experienced regarding your business venture.

In this context, two significant statements i.e., lag in technology and malicious competition were identified. 4 out of 8 respondents reported that they had experienced failure due to the lag in technology whereas, 4 out of 8 respondents reported that they had experienced piracy/ malicious competition. Some typical responses from interviewees are presented below:

Lag in Technology. Participant 4 answered:

After 2018, our revenue dropped significantly due to *outdated technology*, and customers almost abandoned our products. And there were a large number of *quality compensation cases*.

Participant 5 responded:

At the beginning, I started a factory to make the watch parts. I bought the equipment and started to produce, but the *technology required* to produce this watch part *was very high*. At that time, only the western hold the leading technology and their products were more trusted and reliable. Later, there was a watch store in Shanghai that decided to try our parts, but after they applied our parts in their watch, many of their watches sold were returned. Because of our parts couldn't maintain the required functioning so that the watch couldn't run well for long. Our partner suffered a big loss. And *because of the restricted technology level,* we couldn't guarantee our product quality and eventually ruined our brand and lost the reputation and trust. This was a huge blow for us.

Participant 7 responded:

Because of *lagging technology,* the market *was occupied by the western products* for a long time. To survive in such difficult situation, we have focused on developing a new generations of glass fiber formula through enormous efforts in two years. And eventually our products are gradually accepted by the market.

Piracy/ Malicious Competition. Participant 3 replied:

When we first started our business, the software we made was called "King of Words 98", but after the product was made, everyone said it was good, but no one bought it. Because no one would pay for the original version, *they all used the pirated version.*

Every week, thousands of sets of the *pirated version were sold*, while we were lucky to

sell a few dozen sets of the original one a week. As a student start-up company, we

needed channels for software products and needed to do marketing, and we did not have

the ability to market at that time, so we couldn't make profits and kept losing money.

Participant 8 stated:

I remember when I first started to make ignition guns when my ignition gun was one of

the best in the country, but then many manufacturers began to *imitate me, and then they*

began to play price war. From 12 yuan has been reduced to 3 yuan. Then I began to lose

money, and this situation has continued, resulting in a huge crisis in the company.

Interview Question 3. The third interview question was as follows: Do you think that the

pandemic has impacted businesses? If so, please describe your failure experiences during the

pandemic.

This question led to two significant statements. 5 out of 8 respondents reported that the

pandemic caused a closure of their business whereas, 4 out of 8 respondents reported that they

lost international customers as a result of the pandemic. Some typical responses from

interviewees are presented below:

Closure of Business. Participant 1 responded:

I think the impact is huge. For example, when the pandemic happened this time. We were

supposed to have more than 200 million dollars of revenue in cinema advertising a year,

and now that *the cinema is closed*, the revenue is suddenly gone. The original Chinese

New Year was scheduled to have 50 million dollars of advertising, and then 50 million

dollars of advertising was gone in a flash too because of the *closure of the business*.

Participant 2 answered:

During the coronavirus pandemic, domestic and *international fashion weeks were all*

forced to cancel, and our *latest design trends have to be hidden*. Factories are *unable to*

receive orders for the latest fashions and stores are unable to supply new goods. Large

quantities of goods were hoarded.

Loss of International Customers. Participant 1 replied:

Because of the lockdown policy, people couldn't move around. And the key is you don't

know where the end is. And then there's an international epidemic too, *and international*

clients are starting to pull their budgets out. We have lost a great number of international

customers.

Participant 2 answered:

Our *foreign markets have suffered* a huge impact too, especially in Europe and the United

States, where *orders have basically shrunk*.

Participant 3 answered:

During the pandemic, decreased market demand is the main pressure for the company.

Market sales have decreased significantly, existing orders have been delayed or

cancelled, and new orders cannot be obtained in the short term. *Both domestic and*

international customers lost significantly. This has led to a relatively large gap in the

company's capital chain, which cause series of problem including employee payroll and

rent payment.

Interview Question 4. The fourth interview question was as follows: What factors do

you think have resulted in failure the most?

For this question, two significant statements were identified i.e., management and

external environment. 6 out of 8 respondents reported that poor management and 5 out of 8

respondents reported that the external environment has contributed to the failure of entrepreneurial ventures. Some typical responses from interviewees are presented below:

Poor Management. According to Participant 1:

Out-dated management can be fatal. People are most unpredictable. Because there was no good management mechanism or reward mechanism, the team member turnover rate was very high. As a result, the development of the company was extremely unstable.

Participant 4 responded:

Lack of management had a great impact on us. I do remember that we don't even have a basic company inclusion system. There are only a few girls doing manual entries with Excel tables. The document completeness rate is less than 7%. It has created great chaos.

Participant 6 replied:

Management issues: I think enterprises in different stages require *different management strategies and methods.* When the company is small, they can all listen to me. But as the development of enterprises to medium-sized, it *needs to have mechanisms and systems to regulate*. We need to encourage the team to communicate together to make a decision.

Participant 8 replied:

After the first few years of rapid development, we found that the *management could not keep up,* which led to basically no growth in sales in the latter years. Later, through research, we introduced the Performance Excellence Model into the management of our company. It enabled us to grow much faster and more stable.

External Environment. Participant 1 responded:

Unpredictable factors in the *external environment*, such as *SARS in 2003* and the Coronavirus pandemic have had a huge impact on the company.

According to Participant 2:

The epidemic has prevented all of our offline fashion week events and commercial

promotions from taking place, and new designs from being launched. This is a huge blow

to our fashion industry.

Participant 7 replied:

The *external environment* is important. There are many *uncontrollable factors* in the

epidemic, and we have to stand at a higher level, not only at the enterprise level but at the

national level to face it. First, we must respond to the requirements of the state and the

government and cooperate with the government's policies. The second is that the factory

is determined not to have problems, requiring every employee to implement this point to

do a good job of protection from virus.

Common Themes: Research Question 1.

The researcher identified the common themes for research question 1 through the

responses of interviewees to interview questions 1 to 4.

These themes helped in answering the research question: What are the causes of the

failures of entrepreneurs? From the eight significant statements, three important themes emerged:

lack of effective management, unstable external environment, and technological backwardness.

Lack of Effective Management. The success of any organization is dependent upon

effective leadership and management which involves numerous moral and strategic decisions. In

this context, building human capital and remaining up to date with current managerial trends is

extremely important. As indicated by the responses to research question 4, lack of effective

management is an important contributor to entrepreneurial failure as some entrepreneurs

continued to rely on outdated management systems which resulted in high turnover and poor

regulation. The impact of ineffective management was also observed in terms of decision-making and communication.

Unstable External Environment. Changes in external factors such as social conditions, economic upheaval, and political situations often lead to opportunities that must be realized by perceptive entrepreneurs. However, an unstable external environment may lead to failure as entrepreneurs may be unable to forecast outcomes accurately. This was evident in the responses of entrepreneurs which highlight that an unstable external environment leads to failure in normal as well as pandemic situations. The economic crisis is one of the common factors that has led to the failure of entrepreneurs in both situations. Other factors highlighted in the interview responses include governmental policies, the lockdown imposed by the pandemic, and disruptions in the supply chain.

Technological Backwardness. The business outlook of today is characterized by massive globalization, continuous change, and technological inventions. This requires businesses to adapt their practices and adopt technological advancements to keep up with the rest of the world. Due to the lack of a basic company inclusion system, one of the entrepreneurs had employees relying on manual Excel entries with high levels of incomplete work and chaos. Similarly, as some of the entrepreneurial ventures grew, the management could not keep up due to a lack of an effective performance model. Similarly, during the pandemic another entrepreneur struggled as offline fashion shows and promotions were halted, forcing a shift toward online platforms.

Research Question 2: What are the psychological, social, and financial impacts of failure?

Interview Question 5. The following is the fifth question for interview: Could you describe your psychological and emotional state during and after the failure experience? In this

context, two significant statements were identified i.e., anxiety and sleep disruption. 7 out of 8

respondents reported that they suffered from anxiety whereas 4 out of 8 respondents reported that

they faced sleep deprivation as a result of their failure experiences. Following are some of the

responses from interviewees:

Anxiety and Sleep Deprivation. Participant 1 responded:

At that time, we had burnt our fifty million start-up funds, and I *could not sleep every*

night. Because almost out of capital, at that time, it felt not that the money was burning

out, and your youth is burned out too. The start-up funding was accumulated over ten

years, but it burned up in five months. *Anxiety was all over my body*.

Participant 2 replied:

During the pandemic, *I felt very anxious to look for solutions* and a new breakthrough as

soon as possible to break the current lockdown dilemma. Because at that time, *the*

pandemic seems never will end, if we don't make quick adjustment, the company will not

hold for long.

Participant 5 answered:

I feel very anxious because we don't have much chance. It is precious that they trust us

and choose our product. But we have not done a good job. It feels so *frustrating to lose*

this customer.

Participant 7 replied:

Of course, it can be very nervous, no matter good or bad, entrepreneurs had to make

decisions at that time. In fact, there was *a lot of pressure and anxiety*.

Interview Question 6. The sixth interview question was as follows: Could you describe

how this failure impacted your social relations?

For this question, two significant statements were identified i.e., family support and team opposition. 5 out of 8 respondents reported that failure had an effect on family support. Another statement that emerged was regarding team opposition which was reported by 4 out of 8 respondents. Following are some of the responses from interviewees:

Family Support. Participant 1 answered:

My *family and friends* gave me *absolute trust and support* during my most difficult time.

Participant 5 replied:

I was already in a lot of debt, but my *friends and family didn't leave me,* but lent me money, some 3,000 and some 5,000, to help me get through this difficult time. They have given me *great trust and support.*

Participant 7 replied:

My family *supported me a lot*. They have confidence on me. When I wase very tired and anxious, after I returned home, *the company and comfort of the family could really relax me, replenished my energy*, and allowed me to focus more on work.

Team Opposition. Participant 2 responded:

Because of the lower revenue, we couldn't afford everyone's normal salaries and compensations. *It turned out that some of team members chose to leave.*

Participant 4 responded:

The *core team is nowhere to be found*. The core team had forty people at the time, and they started to *oppose me and left*, *only three of them were left at the end*.

Participant 6 replied:

At that time, there were *a lot of complaints within the company*, and many people *raised objections against me,* and I personally was under a lot of pressure.

Interview Question 7. The seventh interview question was as follows: What do you think were the financial impacts of this failure experience? How did this impact you and your company?

In this context, lower revenue and debt emerged as the two significant statements as 5 out of 8 respondents reported lower revenue as a financial impact of failure whereas 4 out of 8 interviewees highlighted debt as a financial outcome. Some typical responses from interviewees are mentioned below:

According to Participant 1:

The immediate financial impact of this failed acquisition was the stoppage of the stock price. The market capitalization dropped by 90 percent. The *start-up burned itself out,* and I personally was *saddled with a high level of debt* at the time.

Participant 4 stated:

The product basically died, revenue dropped significantly almost by half, a large number of quality compensation cases, and customers demanded more than $20 million in compensation. The **c**ompany *was running out of cash flow,* and I had *to borrow the money from the bank to make up for it.*

Participant 5 responded:

At that time, the five years of accumulated 200,000 yuan of start-up capital were lost. The company was at the end of its rope. Besides our house, all that should be sold was sold. And the debt was very high at that time.

According to Participant 6:

Profits fell dramatically, by fifty percent, to a loss in 2014.

Common Themes: Research Question 2

The researcher identified the common themes for research question 2 through the responses of interviewees to interview questions 5 to 7. These themes helped in answering the research question: What are the psychological, social, and financial impacts of failure? From the six significant statements, three important themes emerged: psychological impact, social relationship impact, and financial impact.

Psychological Impact. Negative emotions are quite common when one encounters failure. This was evident in the interview responses as entrepreneurs reported feeling anxious, under pressure, and frustrated. These negative emotions often result in sleeplessness which further exacerbates the psychological response. One of the entrepreneurs stated that the anxiety was so severe that it seemed to completely take over the body. This anxiety often stems from the uncertainty that accompanies a failure situation as one entrepreneur was unable to accurately forecast the amount of capital required and ended up losing it within five months. Another entrepreneur struggled with making decisions in such a high-pressure situation.

Social Relationship Impact. In terms of social relationships, personal as well as professional networks must be considered as these relations often suffer negatively due to failure. The responses to interview question 6 provided interesting insights as on one hand participants reported an increase in support from personal relations including friends and family, whereas, on the other hand, participants faced isolation from professional relations. As reported by one of the participants, friends and family offered support by lending money and by building trust and confidence. In contrast, one of the participants highlighted abandonment by the core team that constituted nearly forty people at the beginning however, the entrepreneurial failure resulted in opposition with only three people remaining at the end. Another participant highlighted the

increased frequency of complaints within the company. Many of these complaints were personally against the entrepreneur causing increased pressure.

Financial Impact. Failure in any business venture results in heavy financial costs. The economic impact of failure occurs both at individual and enterprise level. At the personal level, entrepreneurs suffer a loss of personal fortunes. This was evident in the response is of research question 7 as one of the entrepreneurs reported a 90% drop in market capitalization leading to the startup burning itself out. Another participant lost his significant start-up capital. To overcome these losses, the entrepreneurs borrowed money from the bank. One of the participants reported that not only was there a personal burden of high debt but also the company began to lose stock price while another reported that the company was in deep trouble, therefore, almost all personal belongings were sold. This indicates that participants not only suffered financial impacts at a company level but also at a personal level.

Research Question 3: What lessons can entrepreneurs learn from failures?

Interview Question 8. The following is the eighth question for interview: Describe some of the most important lessons that you have learned through failure.

For this question, three significant statements were identified. 6 out of 8 respondents highlighted the national developmental needs and policy changes. 7 out of 8 respondents reported the need for technological innovation whereas 6 out of 8 respondents identified customer focus as an important lesson that they learned through failure. Following are some of the typical responses from interviewees:

National Needs and Policy Changes. According to Participant 3:

It is critical to learn to *work with the government and follow the national needs.* Being positive with government calls but at the same time don't get too close to any official individually. Be politically wise in the right way.

Participant 4 responded:

What you do must be *what the country needs, what society needs, what the people need.* Otherwise, no matter how good you are, or how much money your company makes, you eventually will be wiped out.

Participant 6 answered:

Focus on *national development needs, and policy changes, respond to the national call,* and serve the country to *serve the people.* Because when you serve the people, people will pay it back. When you serve yourself, it will not last for long.

Technological Innovation. According to Participant 3:

We must *hold the core technologies* that are world leading. *Turn the core technology advantage into a product advantage,* turn the product advantage into a business model advantage into a customer resource advantage, and finally into a comprehensive advantage.

Participant 6 replied:

Our development is highly relying on the technological innovation. The introduction of technical personnel, continuous improvement and perfection of product quality, the *technological innovation save us and help us reach the leading point. Technology* itself can become the *core competitiveness of our company.*

Participant 7 replied:

Through *technological innovation,* we create intelligent production lines, improve efficiency and continuously reduce costs. *Constantly break through the technical barriers is the must do things.* It helps us always keep a leading position in this very competitive business environment.

Participant 8 answered:

Doing *independent technological innovation,* having our own technology and own patents, so that we will not be restricted by others, and we will not be stuck in the development.

Customer Focus. Participant 1 responded:

These two years of failure to acquire Internet companies, it burned hundreds of millions of dollars, and finally, we had to withdraw from the Internet market. Later we reflected on the biggest problem behind is that our values have problems. That is, we have forgotten what the original intention is. The business we were doing was good business for all parties. For example, it is good for the property owner, for the consumer, and the customer. It is a win-win situation for all parties. But then we forgot to *create value.* The purpose of our acquisitions and mergers is essentially to cater to the capital market, essentially for you to boost your share price. Make the P/E ratio higher, achieve a larger market capitalization, and win a better self-reward. We did not follow the right road but took the side road and fell below the cliff. Business only *serves the purpose, and serves the people,* making money is just a passing thing. Once we are deviating from the people or customer focus, we will be punished and even destroyed.

Participant 2 replied:

Take deep research into the market and turn production orientation into market

orientation. We really *value the customer's needs and opinions.* We believe that when the

market recognizes you and the customer accepts you, then you can do the production, and

you will succeed.

Participant 4 answered:

We are *good at communicating with our customers, listening to feedback,* and even

employing them as our quality monitoring ambassadors.

Participant 8 stated:

What we learned is that focusing on the *customer's benefits and providing the best*

products for our customers is the only way that our company can survive and be

prosperous.

Interview Question 9. The ninth interview question was as follows: As a company

leader, how do you think those failures have influenced the way in which you lead yourself and

your company?

For this question, two significant statements were identified. The effective management

system was a significant statement identified in 7 out of 8 interview transcripts. Additionally, 5

out of 8 participants emphasized that the failure has influenced them to be more open and

improve their team communication. Participants talked about the impact of Western management

systems that influenced the way they lead themselves and their company. The Western

management system made them reflect on the Chinese management philosophy. Some typical

responses from interviewees are presented below:

According to Participant 1:

I think it is very important to pay attention to grasp the hearts and get insight into the needs and personal growth of team members, *enhance communication,* and be able to *achieve a mutual win-win.* Applying scientific team members' *rewards and support systems* so that employees have strong this bonding can be so important to us. Incentive mechanism to build this stronger link with team members.

Participant 2 responded:

We began to learn all the *Western management theories* but practice for a long time found that the theory is useful but inappropriate in many places, in fact, *China's culture is vast and profound,* and Chinese culture behind, I think it is the *traditional Chinese philosophy.* Such Eastern philosophy is even more useful. Therefore, we think *combining Western and Eastern management* would be best for us. For example, the core of Oriental management is the idea of integration. For example, this piece of clothing itself is a blend of a variety of Chinese and Western elements.

Participant 3 answered:

In the beginning, I thought the team members all trusted me, and I set it up for everyone to do it. And later when the company grew up, this is not enough and efficient. We need to set up a *strategic discussion system* so that we can understand more about why we choose to do this so that we can be more unified in this goal. And the team strengthens this link.

Participant 4 replied:

Establishing a *suitable and efficient management system* could be key to our development. Re-establish the management *system according to the strategic objectives* and establish standardized norms and processes.

I think a technology company should focus not only on technology but on the

management of technology.

Introduce the world's *advanced scientific management process.* Establish *a scientific*

decision-making mechanism. Collective discussion, and review of the mechanism of

decision-making.

Participant 6 responded:

In the past, our management model was a pyramid model, from the chairman director,

and other management from the top to the bottom, but it didn't work well right now. Now

is *an inverted pyramid,* there is the top serving the bottom, the chairman serving the

director, and the director serving the heads of departments. The people above serve the

people below. Now it is called empowerment. It really helps the team to become much

more positive and encouraged.

Participant 8 answered:

A management system that is suitable for Chinese characteristics, which *combines*

Confucian culture into the Western management system, the management model of the

East and West. Because a completely Western management effect is not good, because

we can introduce the surface of the Western methods and systems, but cannot introduce

their religion and faith, because the management needs two legs to go, one is the staff's

faith values, one is the system of management. The management system without faith and

values is only skin deep. It is difficult to integrate. Therefore, the Western management

system needs to have Chinese values to coordinate.

Interview Question 10. The following is the tenth question for interview: How do you think young entrepreneurs can prepare themselves to avoid failure, especially during unforeseen circumstances such as the pandemic?

For this question, three significant statements were identified. 7 out of 8 respondents reported that continuous learning emerged as the most important way in which young entrepreneurs can prepare themselves to avoid failure as all respondents highlighted it. Moreover, 5 out of 8 respondents believe that young entrepreneurs can avoid failure by accurate forecasting and preparation in advance, while 4 out of 8 respondents highlighted the importance of persistence in facing failure. Some typical responses from interviewees are presented below:

Anticipate Risk and Prepare in Advance. According to Participant 1:

It's important to *plan ahead.* We made the digital wave in the previous years. Otherwise, this time all communities were closed, and then so many neighborhoods were not easily accessible to each other that you couldn't change the publication to change the advertising content. Now all our screens are internet online. So, the epidemic is a watershed, and companies without the ability to innovate will fade out of the market. Companies that rely on resources tend to be more stable, and companies that rely on manpower tend to be more uncontrollable.

Participant 3 responded:

Prepare in advance for any possible changes. Because now the environment is highly unpredictable in terms of a national and international environment. It's better to become sensitive and get prepared for any possible changes.

Participant 5 answered:

See the risks in advance and prepare for them. We have experienced several bottlenecks during the development, and sensing the problems in time to find solutions quickly is the key.

Participant 7 replied:

Prepare in advance for a rainy day. *Prepare in advance for future challenges* that have not yet emerged or are about to emerge. What may have to happen, and if it does, what do we do next to respond to it.

Continuous Learning. According to Participant 2:

Learning is a must-do for a business leader and cannot be abandoned at any time. If you give up, you risk being empirical. The moment you give up learning, your business may come to a halt. *Focus on learning, if you don't learn, you are not capable and qualified to lead such a large enterprise in such a complex situation.* I recently re-learned Mao Zedong's theory of practice, contradiction, and the theory of protracted war. And asked the leadership team to learn. Most of the cadres are too busy with business instead of paying attention to learning, which leads them not to recognize the essential problems.

Participant 3 responded:

The ability to learn is very important. We must have an open mind, this open mind on the one hand to learn themselves, on the other hand, to choose than good mature shareholders and investors, so that others planted the heel to become their own experience, so that others' mature methods can be applied faster in our company.

Participant 5 replied:

Benchmarking learning, to see other companies doing well in the industry, to learn their methods and their mechanisms.

Participant 6 answered:

We cannot stop learning. We must keep learning newer and more mature management

processes and strategic thinking methods.

Participant 7 answered:

On the one hand, we see the difficulties, on the other hand, to be able to *see the*

opportunities and then learn from them. I think it is often the year of difficulties, the year

of low tide is the year of investment. During the epidemic, we invested 100 million to

plan for new development opportunities.

Persistence. According to Participant 1:

Entrepreneurship is like a walk on a cliff and always having a close brush with death.

Young people should know *how to persevere* especially in the difficult time. Uphold the

spirit of nothing to lose. We originally started the business with our bare hands, and even

if we lost, what is the big deal to start again? I think that as long as you do everything you

can to go on, just do it, and finally, you will find that things will always come through.

We'll cross that bridge when we come to it.

Participant 3 responded:

Decide your own direction. *This direction must be that you love it yourself* and that

nothing can stop it. Anything cannot be done overnight, there will be all kinds of

difficulties, if not from the heart of love, you can't be able to study thoroughly about

possible future risks, and what methods to deal with, and finally, you can't go through it.

Common Themes: Research Question 3

The responses to interview questions 8 to 10 helped the researcher in identifying the

common themes for research question 3. These themes helped in answering the research

question: What lessons can entrepreneurs learn from failures? From the eight significant

statements, the researcher developed five important themes. These themes can be divided into

two categories. The first focuses on the context, specific to China, and includes an effective

management system that combines Chinese and Western management philosophies, and national

development needs and interests. The second focuses on leadership and includes leading by

example, continuous learning and innovation, and preparing by planning ahead.

Effective Management System. Combining management philosophies from different

cultures, such as Chinese and Western philosophies, is important as each management

philosophy brings its own strengths and weaknesses. By combining philosophies, entrepreneurs

can benefit from the strengths of multiple approaches and create a more comprehensive and well-

rounded management strategy. The central idea emerging from the participants' responses to

interview question 9 is the importance of combining Chinese and Western management

philosophies to achieve effective management. The participants believe that simply adopting

Western management theories is not sufficient in the Chinese context, as China's culture and

philosophy play a significant role in shaping management practices. Participants emphasized the

need to understand and meet the personal needs of team members, build strong relationships, and

implement incentive mechanisms. Integrating Chinese culture and philosophy with Western

management is seen as valuable for a comprehensive approach. Strategic discussions and goal

alignment, as well as the establishment of efficient management systems, are also emphasized.

The concept of an inverted pyramid management model, where leaders serve and empower their

subordinates, is introduced to foster collaboration and motivation. Lastly, participants stressed

the need for a management system that incorporates Chinese values and Confucian culture to

provide a foundation of faith, values, and coordination.

National Development Needs and Interests. In the context of China, the central theme of national development needs and interests revolves around aligning one's entrepreneurial pursuits with the country's priorities and serving the needs of society and the people. Responding to interview question 8, the participants emphasize the importance of working in harmony with the government, while maintaining a cautious distance from individual officials. Entrepreneurs must be politically astute, understanding the government's direction and responding positively to national calls and policy changes.

Leading by Example. Effective leaders lead by example and empower followers in the process. One central idea that emerges from the participants' responses is the importance of leading by example. The participants emphasize the need for entrepreneurs to set a positive example through their actions and behavior, demonstrating values such as trust, communication, integration, and empowerment. They highlight the significance of building strong bonds with team members, understanding their needs and personal growth, and fostering effective communication and collaboration. This is evident in the entrepreneurs' response to interview question 9 as one participant stresses the importance of grasping the hearts of team members by creating mutual win-win situations. Another participant highlighted the importance of leading by example by embracing diversity and incorporating different cultural elements into their management practices. Moreover, entrepreneurs should lead by example by integrating values, such as faith and values, into their management practices, creating a harmonious and effective organizational culture.

Continuous Learning and Innovation. Continuous learning and innovation are crucial for entrepreneurs for several reasons. Firstly, in a rapidly evolving business landscape, staying updated on industry trends, management processes, and strategic thinking methods is essential to

adapt and make informed decisions. Secondly, learning from the experiences and successes of others helps entrepreneurs avoid pitfalls and accelerate their own growth. Additionally, technological innovation allows entrepreneurs to develop unique products and services, gain a competitive edge, and expand their customer base. The need for continuous learning and innovation is evident in participants' responses to interview questions 8 and 10. In the context of continuous learning, participants emphasize the need for entrepreneurs to never give up on learning and to maintain an open mind as learning is essential for business leaders, and giving up on learning can lead to stagnation. Another entrepreneur highlighted the importance of learning from past leaders and theories to gain a deeper understanding of essential problems while another mentioned benchmarking learning, which involves observing successful companies in the industry and learning from their methods and mechanisms. This approach allows entrepreneurs to adapt proven strategies to their own businesses. In terms of technological innovation, participants emphasize the significance of holding core technologies that are world leading. They stress the transformation of technological advantages into products, business models, customer resources, and comprehensive advantages. This approach ensures independence and avoids restrictions from external entities, fostering continuous development.

Preparing by Planning Ahead. Planning ahead is important for entrepreneurs because it allows them to anticipate and prepare for future challenges and changes in the business landscape. By proactively identifying potential risks, entrepreneurs can develop strategies to mitigate them, thereby minimizing the impact of failures. The importance of planning ahead is evident in interviewees' responses as one entrepreneur emphasized the need for innovation and adaptation to the changing digital landscape. By planning ahead and embracing the digital wave, companies can ensure their survival in the market. This suggests that entrepreneurs should

constantly plan for and leverage emerging technologies to stay competitive. Another entrepreneur stressed the unpredictability of the national and international business environment highlighting the need for entrepreneurs to be sensitive to potential changes and prepare themselves accordingly. Another participant reinforced the idea of preparing for future challenges that may arise. By planning for the unknown and being proactive, entrepreneurs can better respond to unexpected situations.

Conclusion

In Chapter 4, the data collected from the 8 participants were thoroughly examined. To address the research questions, a set of 11 open-ended interview questions was formulated. The responses provided by the participants were analyzed using coding techniques, resulting in 22 significant statements. This was followed by categorization of these statements into eleven major themes that directly addressed each research question. Table 4 presents a comprehensive summary of the connections between the interview questions, participant statements, and the themes identified for each question.

Table 4

Summary of Interview Questions and Themes Drawn from Significant Statements

Interview Questions	Significant statements	Themes
Research question 1: What are the causes of the failures of entrepreneurs?		
1. In your opinion, what do you think is the meaning of failure?	Self-reflection Motivation for change	Lack of effective management
2. Please describe any experiences of failures that you may have experienced regarding your business venture.	Piracy - malicious competition Lag in technology	Unstable external environment

Interview Questions	Significant statements	Themes
3. Do you think that the pandemic has impacted businesses? If so, please describe your failure experiences during the pandemic.	Closure of business Loss of international customers	Technological backwardness
4. What factors do you think have resulted in failure the most?	External environment Poor management	
Research question 2: What are the psychological, social, and financial impacts of failure?		
5. Could you describe your psychological and emotional state during and after the failure experience?	Anxiety Sleep disruption	Psychological impact
6. Could you describe how this failure impacted your social relations?	Family support Team opposition	Social relationship impact
7. What do you think were the financial impacts of this failure experience? How did this impact you and your company?	Lower revenue Debt	Financial influence
Research question 3: What lessons can entrepreneurs learn from failures?		
8. Describe some of the most important lessons that you have learned through failure.	National developmental needs and policy changes Technological innovation Customer focus	National development needs and interests Effective management system: (Combining Chinese and Western management) Leading by setting an example Continuous learning and innovation Plan ahead and get prepared.
9. As a company leader, how do you think those failures have influenced the way in which you lead yourself and your company?	Effective management system Openness and team communication	
10. How do you think young entrepreneurs can prepare themselves to avoid failure, especially during unforeseen circumstances such as the pandemic?	Anticipate risk and prepare in advance Persistence Keep learning	

The impact of entrepreneurial failure encompasses psychological, social, and financial aspects. Anxiety and sleep disruption are common psychological and emotional states during and after the failure experience. Failure also impacts social relationships, which may include both family support and opposition from the team as significant factors. Financially, failure results in lower revenue and accumulated debt, affecting both individuals and their companies. These consequences highlight the importance of understanding the financial implications of failure and taking appropriate measures to mitigate them.

In terms of leadership lessons learned from failure, several key points can be highlighted. Firstly, there is a need to align with national developmental needs and policy changes. Technological innovation and a strong customer focus are also recognized as crucial elements. Moreover, the importance of effective management systems that combine Chinese and Western approaches, along with leading by example, continuous learning, and innovation cannot be ignored. Planning ahead and being prepared are essential strategies to overcome failure and mitigate its impact. There is also a need for effective management systems, openness, and team communication as lessons learned from their failure experiences.

To prevent failure, especially during unforeseen circumstances like the pandemic, it is suggested that young entrepreneurs should anticipate risks in advance and take proactive measures. Persistence, continuous learning, and staying adaptable are vital qualities for success.

Overall, these findings highlight the multifaceted impact of entrepreneurial failure and provide valuable leadership lessons, emphasizing the importance of understanding the psychological, social, and financial aspects of failure, as well as adopting effective management strategies, embracing innovation, and being prepared for unforeseen challenges.

The following chapter presents a detailed discussion of the major themes. Moreover, the chapter presents the implications of the findings and outlines the limitations. Lastly, the chapter provides the recommendations for future research.

Chapter 5: Discussions, Implications, Recommendations, and Conclusion

Introduction

This study aimed to explore the experiences of failure among entrepreneurs in various industries in China. The study used qualitative phenomenological research and three research questions were developed to explore how failure impacts entrepreneurs and the lessons they learned. To gather data, 11 open-ended interview questions were created and analyzed using qualitative coding techniques.

From the coding process, 22 statements of significance were identified, leading to the emergence of eleven major themes.

The significant themes for research question 1 were lack of effective management, unstable external environment, and technological backwardness. The significant themes for research question 2 included psychological impact, social relationship impact, and financial influence. Lastly, the significant themes for research question 3 were understanding national development needs and interests, effective management systems, leading by setting an example, continuous learning and innovation, and planning ahead to be prepared.

This chapter provides a comprehensive discussion of each theme, connecting them to the relevant literature reviewed in Chapter 2. The implications of the findings, limitations of the study, and recommendations are also presented. Finally, the chapter concludes with a summary of the study's key insights.

Discussion

This section presents a detailed discussion related to the significant themes and places them within the literature outlined in Chapter 2. This would help in developing a deeper understanding of the research findings.

Lack of Effective Management

Entrepreneurial failure and the lack of effective management are crucial topics that have been extensively explored in the literature. The failure of entrepreneurial ventures is a prevalent phenomenon, with a significant number of startups and small businesses unable to sustain their operations and achieve long-term success. As indicated by the participant responses, lack of effective management is an important contributor to entrepreneurial failure as some entrepreneurs continued to rely on outdated management systems which resulted in high turnover and poor regulation. The impact of ineffective management was also observed in terms of decision-making and communication. These findings are supported by literature as effective management encompasses a range of functions such as planning, organizing, leading, and controlling, all of which contribute to the efficient and productive operation of a business (Sternad, 2019). The literature further suggests that many entrepreneurs struggle with effectively managing their ventures, leading to increased failure rates. In this context, one key aspect of effective management is strategic planning. As stated by Participant 6, based on the stage of an enterprise, the leader must implement appropriate strategic actions. This requires entrepreneurs to develop a clear vision and set achievable goals for their ventures. Without proper planning, businesses may lack direction and fail to respond to market changes and challenges effectively. In addition, the literature highlights the importance of organizational structure and systems. Entrepreneurs often face challenges in establishing appropriate structures that facilitate effective communication, coordination, and decision-making within their organizations (Eisenmann, 2021). Implementing efficient systems for resource allocation, performance evaluation, and financial management are crucial managerial functions that are essential for sustainable growth and mitigating the risks of failure (Chiles et al., 2007). The lack of effective management can

lead to poor financial performance, inadequate resource utilization, and an inability to respond to market demands. This can create internal conflicts, hinder teamwork, and impede the development of a strong organizational culture (Barney et al., 2011).

Unstable External Environment

The external environment encompasses various factors that are beyond the control of entrepreneurs but can have a profound impact on their ventures. Changes in external factors such as social conditions, economic upheaval, and political situations often lead to opportunities that must be realized by perceptive entrepreneurs (B. J. Zimmerman, 2008). However, an unstable external environment may lead to failure as entrepreneurs may be unable to forecast outcomes accurately. In this context, participant 1 and Participant 2 identified the role of the pandemic in contributing to the unpredictability of the external environment which prevented businesses to run as usual and hindered all marketing activities. Participant 7 highlighted the state regulations that had to be followed. An external factor that leads to entrepreneurial failure is the regulatory and policy environment. Government regulations, tax policies, and legal frameworks can significantly influence the success or failure of entrepreneurial ventures. A study by Klapper et al. (2006) explores the impact of business regulations on the survival rates of new firms, finding that excessive regulatory burden hampers entrepreneurial activity and increases failure rates.

Moreover, the availability and accessibility of financial resources also play a vital role in entrepreneurial failure. Insufficient access to capital, high-interest rates, and limited funding options can impede the growth and survival of entrepreneurial ventures. The impact of economic recessions and financial crises on failure rates has also been extensively explored in the literature. In this context, Autio et al. (2014) highlight the vulnerability of new ventures to

economic downturns and the challenges they face in securing funding during such periods. This was identified by Participant 7 who suffered from the subprime mortgage crisis of 2008.

Technological Backwardness

One key aspect of entrepreneurial failure related to technological backwardness is the failure to recognize and capitalize on emerging technologies. This can lead to a loss of competitive advantage and an inability to meet evolving customer demands. Participants of this study identified that a lag in technology was a major contributor to the failure of their entrepreneurial venture. Participant 4 cited an example that due to the lack of a basic company inclusion system, employees relied on manual Excel entries. Such outdated practices led to high levels of incomplete work and chaos. Research indicates that entrepreneurs who fail to embrace new technologies may find themselves unable to retain their resource advantage and generate outcomes of greater value (J. G. Covin & Slevin, 2017). As a result, they might fall behind their technologically savvy competitors, resulting in declining market share and potential business closures.

During the pandemic, this lag of technology was felt deeply by several entrepreneurs as Participant 2 reported that all of their offline fashion shows were canceled and physical promotional activities were halted. Similarly, as reported by Participant 8, a lack of an effective performance management model also impacted the progress of their business as the impact of technological lag can be seen in terms of operational inefficiencies (Udokporo et al., 2020). Outdated technologies and processes can hinder productivity, hinder innovation, and increase costs. Entrepreneurs who neglect to invest in modernizing their technological infrastructure may face difficulties in streamlining operations and staying agile in a rapidly changing business landscape.

Psychological Impact

Negative emotions are quite common when one encounters failure (Cope, 2011c; Singh et al., 2007b). The findings from this study also provide evidence of the overwhelming psychological impacts of failure as 6 out of 8 entrepreneurs reported feeling anxious, under pressure, and frustrated. These negative emotions also resulted in sleeplessness which further exacerbates the psychological response. Cope (2011) states that the psychological consequences of failure may manifest through the negative emotions of regret, anguish, embarrassment, shame, rage, guilt, and fear of the future. Participants of this study also reported severe negative emotions as according to participant 1, anxiety was so severe that it seemed to completely take over the body. Participant 5 reported feelings of anxiety and frustration while Participant 7 reported anxiety, nervousness, and increased pressure. These feelings persisted and caused sleep deprivation as entrepreneurs who fail, experience a sense of helplessness that lowers their belief in their capacity to lead tasks successfully in the future (Shepherd, 2003c).

Social Relationship Impact

Cope (2011) and Singh et al. (2007) have explored the impact of failure on social relationships. In this context, personal as well as professional networks must be considered as failure impacts both types of relations. The participant responses provided interesting insights in this regard, as on one hand participants reported an increase in support from personal relations including friends and family, whereas, on the other hand, participants faced isolation from professional relations. As reported by participants 1 and 5, friends and family offered support by lending money and by building trust and confidence. In contrast, participant 4 highlighted abandonment by the core team members that constituted nearly forty people at the beginning however, the entrepreneurial failure resulted in opposition with only three people remaining at

the end. Similarly, participant 6 highlighted the increased frequency of complaints within the

company. Many of these complaints were personally against Participant 6 as partners and

employees raised objections, causing increased pressure. This highlights the need for failed

entrepreneurs to regain trust and rebuild the confidence of the team members (Cope, 2011c) .

Financial Impact

As stated by Cope (2011), financial loss is one of the most common consequences of

entrepreneurial failure. This was also reported by 7 out of the 8 participants of this research. The

impact of failure on finances occurs both at the individual and enterprise level. At an individual

level, entrepreneurs suffer a loss of personal fortunes. This was evident in the responses to

research question 7 as Participant 1 reported a 90% drop in market capitalization leading to the

startup burning itself out whereas Participant 4 reported a significant drop in revenue. Similarly,

participant 5 lost all the start-up capital, and Participant 6 experienced a significant drop of

nearly 50% in profits. Apart from these company-level losses, the entrepreneurs suffered

personal financial losses as well. Participant 1 became saddled with a huge amount of debt

whereas Participant 4 borrowed money from the bank to make up for the lost revenue.

Participant 5 experienced a huge loss at a personal level as apart from the house, every other

belonging was sold. This indicates that the failure of a business venture has great financial

consequences, not only at a company level but also at a personal level (Ucbasaran et al., 2013b).

Effective Management System

In the context of learning from entrepreneurial failure, an important lesson evident in

participants' responses is the application of an effective management system that combines

management philosophies from different cultures, such as from China and the West. Research

indicates that implementing management practices from the two contexts results in a rich and

progressive development of leadership concepts and strategies (Filatotchev et al., 2020). This idea is discussed in detail by Participant 2 who argued that the profound and vast culture of China follows the traditional Chinese philosophy which may not be in line with the current management practices. Participant 8 discussed that implementing the Western management system alone is ineffective as its values do not match the Confucian culture of China. This culture stresses the importance of building strong relationships, maintaining social harmony, and aligning with the broader societal context. These principles can be valuable for entrepreneurs in terms of fostering collaboration, building trust with stakeholders, and navigating complex business environments (Lin et al., 2018). The central idea emerging from the participants' responses is the importance of combining Chinese and Western management philosophies to achieve effective management. Participant 1 stated that it is important to focus on the development of team members and to pay attention to relationship building while applying a scientific reward system. Participant 2 supports a combination of Eastern and Western philosophies whereas Participant 3 stressed the need for a strategic discussion system. Additionally, participant 6 discussed a shift from the traditional pyramid model to the inverted pyramid model that has empowered people within the organization.

National Development Needs and Interests

The theme of learning from entrepreneurial failure by understanding national development needs and interests is highlighted by several participants, reflecting the significance of aligning business endeavors with broader societal goals. Participant 3 emphasizes the importance of working with the government and staying attuned to national needs. This aligns with the existing literature, which highlights the need for entrepreneurs to establish positive relationships with government entities while maintaining a certain level of political knowledge

(Costa et al., 2023). The macro-environment of any business is regulated by certain social, cultural, political, and legal factors that cannot be controlled by business owners. These factors influence the developmental needs and interests of any nation as Aghion and Durlauf (2006) assert that the interplay between political and economic factors shapes development outcomes. They also emphasize the importance of political institutions, distributional conflicts, and policy choices in determining a nation's developmental needs and interests. The macro-environment is, therefore, quite unpredictable as indicated by Participant 1 who reports that the SARs in 2003 and the recent coronavirus pandemic make the external environment unpredictable and have a great impact on the company. The importance of the external environment is also highlighted in the response of Participant 7 who reports that the uncontrollable factors of the epidemic are faced not only at the enterprise level but also at the national level, therefore, it is imperative to respond to the state and the government requirements while cooperating with the policies outlined by the government. Similarly, Participant 4 emphasizes the necessity of meeting the needs of the country, society, and the people and Participant 6 reinforces the idea that entrepreneurs should prioritize national development needs, and policy changes, and serve the country and its people. Scholarly research supports this viewpoint, emphasizing the role of entrepreneurs as agents of change and contributors to national development (Hitt et al., 2012). By embracing the concept of social responsibility and directing their efforts toward meeting societal needs, entrepreneurs can build strong relationships with customers and stakeholders, fostering long-term loyalty and sustainability. Understanding national development needs and interests also helps entrepreneurs align their business strategies and goals with the larger objectives of the country they operate in, fostering a positive relationship between their ventures and the national development agenda. This alignment enables entrepreneurs to leverage various opportunities and resources provided

by the government and society, leading to sustainable growth and long-term success. Participant 1 emphasizes the importance of this alignment by highlighting the importance of customer focus, without which business not only lacks purpose but business owners will also eventually be punished and even destroyed.

Leading by Example

Effective leaders lead by example and empower followers in the process. By setting a positive example, entrepreneurs can inspire their teams, build trust, and create a culture of ongoing learning and improvement (Lattacher & Wdowiak, 2020). One central idea that emerges from the participants' responses is the importance of leading by example. Participant 1 emphasizes the need for entrepreneurs to set a positive example through their actions and behavior, demonstrating values such as trust, communication, integration, and empowerment. Similarly, Participant 5 highlights the significance of building strong bonds with team members, understanding their needs and personal growth, and fostering effective communication and collaboration. This is evident in the entrepreneurs' response to interview question 9 as participant 1stresses the importance of grasping the hearts of team members by creating mutual win-win situations.

Continuous Learning and Innovation

Continuous learning is a vital theme supported by scholarly literature. Its importance can be understood by the fact that all participants of this research highlighted it in their responses. Participant 2 emphasized the necessity of continuous learning for business leaders, highlighting that abandoning learning can lead to ineffective decision-making and hinder business progress. This notion aligns with research by Baker and Sinkula (2007), who argue that continuous learning enables entrepreneurs to adapt to dynamic environments and make informed decisions.

Additionally, Participant 2's mention of re-learning Mao Zedong's theories indicates the importance of drawing knowledge from diverse sources, as suggested by Weick and Sutcliffe (2001) in their research on sensemaking. This continuous learning mindset allows entrepreneurs to identify essential problems and find innovative solutions. Participant 3 underscored the significance of having an open mind and learning from others. This aligns with the concept of absorptive capacity discussed by Zahra and George (2002), which emphasizes the ability to acquire external knowledge and leverage it for innovation. Similarly, Participant 6 emphasized the need to continually update management processes and strategic thinking methods that are in line with the concept of dynamic capabilities, which emphasizes the importance of adaptability and learning in achieving competitive advantage (Teece et al., 1997).

Preparing by Planning Ahead

Planning in advance is a crucial aspect of learning from entrepreneurial failure, as emphasized by the participants' insights. Participant 1 highlighted the importance of planning by citing the example of the digital wave. By anticipating and embracing technological advancements in advance, companies can adapt and remain competitive even during challenging times like the epidemic. Various researchers such as Dutta & Crossan (2005) emphasize the need for innovation and proactive adaptation to changing market conditions. Companies that rely on resources and possess the ability to innovate are more likely to thrive in the market, while those relying solely on manpower may struggle to remain adaptable and face increased uncontrollability. Participant 3 reinforces the significance of preparing in advance for potential changes. The dynamic nature of the national and international environment requires entrepreneurs to be sensitive and proactive in their preparedness, highlighting the importance of environmental scanning and proactive strategic planning to anticipate and respond to changes

effectively (Gibcus & Kemp, 2003). By staying ahead of the curve and being prepared for various scenarios, entrepreneurs can navigate uncertainties and mitigate the negative impacts of failure. Similarly, Participant 5 emphasizes the importance of risk assessment and preparation whereas Participant 7 highlights the need to prepare in advance for future challenges that may emerge. By considering various possibilities and developing contingency plans, entrepreneurs can effectively respond to unforeseen circumstances.

Implications

Initiating an entrepreneurial venture is a challenging endeavor, particularly for young entrepreneurs who often face numerous obstacles and uncertainties. However, the lessons derived from experienced entrepreneurs regarding effective management systems, understanding national development needs, leading by example, continuous learning and innovation, and preparing by planning to carry significant implications for young entrepreneurs. These lessons can provide guidance and help them navigate the complexities of entrepreneurship, especially in the context of uncertain situations such as the pandemic.

Effective Management System

The implementation of an effective management system is of paramount importance for young entrepreneurs, particularly in the current business environment shaped by the pandemic. By establishing clear communication channels, young entrepreneurs can ensure that information flows smoothly within their organizations. This involves adopting appropriate communication tools. These tools encompass various project management software, platforms for video conferencing, and instant messaging apps, to facilitate efficient and timely communication among team members, regardless of their physical locations. In addition to communication, setting up a remote work infrastructure is crucial for young entrepreneurs to adapt to the

changing work dynamics brought about by the pandemic. This may involve providing employees

with the necessary technological resources and ensuring secure access to company networks and

data. By enabling remote work capabilities, young entrepreneurs can maintain business

operations even during times of lockdowns or restricted physical access to the workplace.

Furthermore, effective coordination among team members is essential for ensuring productivity

and collaboration in a remote work environment. Young entrepreneurs should establish

mechanisms for project management, task allocation, and progress tracking to keep their teams

aligned and focused. This can include the use of project management tools, shared calendars, and

regular virtual team meetings to maintain a sense of cohesion and accountability.

National Development Needs and Interests

Understanding national development needs and aligning business strategies accordingly

is essential as by recognizing and addressing the pressing needs of the nation, young

entrepreneurs can position their ventures to contribute to economic recovery, public health, and

societal well-being. During situations such as the pandemic, there are several areas where young

entrepreneurs can align their ventures with national development needs. For instance, they can

focus on developing products or services that directly address public health concerns, such as

manufacturing medical supplies, providing telemedicine solutions, or developing technologies

for contactless transactions. By catering to the health and safety needs of the population, young

entrepreneurs not only meet market demands but also actively contribute to the well-being of

society at large. Additionally, young entrepreneurs can explore opportunities to stimulate

economic recovery. This could involve creating job opportunities, supporting local supply

chains, or promoting sustainable business practices. By aligning their ventures with national

economic goals, young entrepreneurs can drive growth, generate employment, and contribute to the overall development of the country's economy.

Leading by Example

Leading by example is a critical leadership quality that young entrepreneurs should embrace. Demonstrating resilience, adaptability, and empathy sets a powerful example for team members and contributes to their motivation and engagement. When faced with challenges, a young entrepreneur who exhibits resilience shows the team that setbacks can be overcome and instills confidence in their ability to navigate through difficult circumstances. This resilience serves as a source of inspiration and encourages team members to persevere and maintain a positive outlook.

Additionally, adaptability is key during times of uncertainty. By being open to change and willing to adjust plans and strategies as needed, young entrepreneurs can show their team members the importance of flexibility and the ability to embrace new opportunities. This adaptability creates an environment where team members feel empowered to explore innovative solutions and make necessary adjustments to keep the business moving forward.

Continuous Learning and Innovation

Embracing a growth mindset and actively seeking opportunities to learn new skills and acquire knowledge allows young entrepreneurs to stay ahead of the curve and adapt to the rapidly changing business landscape. By continuously upskilling themselves, they can enhance their competitiveness and seize emerging opportunities. Furthermore, exploring emerging technologies has become essential for young entrepreneurs to stay relevant and innovative. One outcome of the pandemic is the acceleration of digital revolution across industries, making it imperative for entrepreneurs to leverage technology to optimize their operations, reach customers

through digital channels, and explore new business models. Embracing emerging technologies such as artificial intelligence, cloud computing, e-commerce platforms, and data analytics can provide young entrepreneurs with a competitive edge and open up new avenues for growth. In addition to skills and technology, adapting business strategies is crucial during the pandemic. Young entrepreneurs need to be agile and flexible in their approach, constantly assessing the market landscape and making necessary adjustments to their strategies. Entrepreneurs who transform failure into a powerful learning experience can effectively seize it as an opportunity for growth. Instead of being discouraged by setbacks, failure must be viewed as a stepping stone toward success. Analyzing the reasons behind the failure helps entrepreneurs identify weaknesses and areas for improvement and allows them to embrace failure with a positive mindset, fostering resilience, adaptability, and a willingness to take calculated risks.

Preparing by Planning Ahead

Anticipating potential risks and challenges allows entrepreneurs to proactively develop contingency plans to mitigate the negative impacts on their ventures. Conducting thorough risk assessments allows entrepreneurs to identify and analyze potential threats to their business, enabling them to devise strategies to address them effectively. Having a comprehensive understanding of the potential risks enables young entrepreneurs to make informed decisions and allocate resources wisely. By identifying the areas of vulnerability, they can develop backup plans and alternative approaches to ensure business continuity. This proactive approach not only minimizes potential disruptions but also enhances the resilience of their ventures. Furthermore, planning allows young entrepreneurs to identify emerging opportunities that may arise amidst uncertainties. By staying vigilant and analyzing market trends, they can position their ventures to seize potential advantages and adapt their strategies accordingly. This adaptability and readiness

to pivot in response to changing circumstances can help young entrepreneurs stay ahead of the competition and capitalize on emerging trends.

Looking for Support

When faced with failure, seeking emotional, social, and financial support can significantly impact the entrepreneurial journey of young entrepreneurs. Emotional support plays a crucial role in sustaining confidence and mental well-being. Entrepreneurial failure is associated with feelings of depression and anxiety, therefore having a support system that understands and encourages one's ambitions can be invaluable. Whether it is family, friends, mentors, or fellow entrepreneurs, having people who believe in one's vision and offer emotional encouragement during tough times can help young entrepreneurs stay focused, motivated, and resilient in the face of challenges. Secondly, social support is vital for young entrepreneurs to expand their networks and access valuable resources. Interacting with individuals with shared interests, participating in events that lead to networking, and being a part of entrepreneurial communities allows them to exchange ideas, share experiences, and gain insights from others' successes and failures. Building strong social connections can open doors to potential partnerships, collaborations, and mentorship opportunities, leading to collective wisdom and mutual support which is essential during failure. Lastly, the significance of financial support cannot be overstated in the entrepreneurial journey. Many young entrepreneurs face barriers when it comes to securing funding for their ventures. Having access to sufficient financial resources can enable them to invest in critical aspects of their business, such as product development, marketing, and scaling operations. Seeking financial support from angel investors, venture capitalists, or crowdfunding platforms can be a game-changer for young entrepreneurs

facing financial challenges, providing them with the runway needed to turn their ideas into viable and sustainable businesses.

Limitations

This study focused on specific entrepreneurs with experience of failed business ventures, using a purposeful sampling strategy. As a result, the findings of this study may not be generalizable to all entrepreneurs in China, as they are limited to the experiences and stories shared by the selected 8 participants.

Another limitation of this study relates to the retrospective nature of the data collection process. Participants were asked to recall past failures and reflect on what they learn from these experiences. Due to the limitations of human memory, there is a chance of missing or distorted information about these experiences. Therefore, the participants' views on failure may have evolved since the time of the study, as their life circumstances and perspectives may have changed. Moreover, the research relied on subjective interpretation rather than objective measurement. There may be differences in how various researchers interpret the same data, leading to probable changes in findings.

Since this research primarily focuses on textual analysis, this means that it does not provide the same level of statistical analysis as quantitative research. While qualitative studies may use coding or thematic analysis to identify patterns and themes, they lack the numerical precision and statistical significance found in quantitative research.

Recommendations

Expanding on What Entrepreneurs Do During Failure: This research focused more on what entrepreneurs can do to avoid failure, especially in unforeseen circumstances such as the pandemic. Future researchers can expand on what entrepreneurs do when they are experiencing

failure. Such what entrepreneurs can do to cope with failure adaptively and be able to adjust quickly to move out of failure can be further addressed.

Expanding Methodological Approaches: This study utilized a qualitative phenomenological research approach. In the future, researchers can use a combination of different methods to study the problem of failure in entrepreneurial ventures. This broader methodological perspective may provide additional insights and contribute to a more comprehensive understanding of failure in the entrepreneurial world.

Larger and Randomized Sample: The present study collected data from 8 participants. The selection of participants was guided by purposeful sampling and interviews were used to gather data. Future researchers can enhance the validity and generalizability of their findings by increasing the sample size and employing a randomized selection strategy. Collecting data from a larger and more diverse group of entrepreneurs across China can help capture a broader range of perspectives and experiences related to failure.

Comparing Different Groups of Entrepreneurs: This study did not compare the perceptions and strategies of entrepreneurs who had one startup experience with those who had multiple experiences. Future research can focus on the examination of the difference in views of two groups about failure and if they employ different strategies when coping with and growing from failure. Such comparative studies can offer valuable insights into the dynamics of failure and leadership development within different groups of entrepreneurs.

Industry-Specific Studies: While this research included entrepreneurs from various industries, future studies can explore failure within a single entrepreneurial industry. By narrowing the scope to a specific industry, researchers can suggest more industry-specific and hand-on advice on how entrepreneurs can cope with and learn from failure in their specific field.

This targeted approach can add to a better comprehension of failure dynamics within specific industries.

Conclusion

This study aimed to study the incidents of failure among new business owners in various industries in China. Qualitative phenomenological research was conducted, and three research questions were developed to investigate how failure in entrepreneurial endeavors impacts entrepreneurs and what lessons they learn from it. The data were gathered with the help of open-ended interviews and analyzed using qualitative coding techniques. The coding process led to the identification of 22 significant statements, which formed eleven major themes. The findings highlighted the importance of effective management systems that encompass planning, organizing, leading, and controlling functions. Strategic planning, proper organizational structure, and efficient systems for resource allocation and financial management were identified as crucial elements for sustainable growth and mitigating the risks of failure. Embracing technological advancements and adapting to the changing market demands were also emphasized as important factors in avoiding failure. Understanding the external environment, building positive relationships with stakeholders, and aligning business endeavors with national development needs were seen as essential for long-term success. Leading by example, fostering continuous learning and innovation, and planning for potential challenges were also identified as valuable lessons for entrepreneurs. The implications of the study suggest that young entrepreneurs can benefit from the lessons learned by experienced entrepreneurs. Implementing effective management systems, understanding national development needs, leading by example, continuous learning and innovation, and preparing by planning can guide young business owners

in dealing with the challenges of entrepreneurship and increasing their prospects of success, especially in uncertain situations like the pandemic.

Overall, the insights derived from this research hold immense value for aspiring and existing entrepreneurs, not only within the research's context but also globally. The lessons highlighted through effective management systems, understanding national development needs, leading by example, continuous learning and innovation, preparing by planning, and seeking support resonate as crucial pillars for entrepreneurial success. The ever-evolving business landscape, worsened by the uncertainties of a pandemic, demands an adaptable approach from young entrepreneurs. The entrepreneurial world today requires not just ambition, but strategic insight and a profound understanding of societal needs. In this context, establishing an effective management system, embracing technological advancements, and fostering a culture of clear communication can form the bedrock of a successful enterprise, especially in remote work settings. Additionally, aligning business strategies with national development needs not only fuels economic growth but showcases responsible entrepreneurship, positioning ventures as contributors to societal well-being and recovery. Similarly, leading by example, exhibiting resilience, adaptability, and empathy, sets a powerful precedent for teams, nurturing a positive, flexible work environment crucial for navigating challenges. Meanwhile, continuous learning and innovation, along with an agile approach to business strategies, are imperative to stay competitive amidst evolving technologies and market landscapes. However, amidst the entrepreneurial journey, recognizing the necessity of seeking support - emotional, social, and financial - is paramount. The ability to acknowledge failure as a stepping stone toward success and to look for guidance in challenging times is a testament to an entrepreneur's strength and determination. In essence, the lessons learned here are not confined by borders or circumstances;

rather these findings can benefit entrepreneurs in countries other than China by providing them with valuable insights into building and managing successful ventures. The application of these principles is imperative to navigate uncertainties, drive economic growth, foster innovation, and build businesses that positively impact both the entrepreneurs' communities and the world at large.

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APPENDIX A

Statement of Bracketing

In phenomenological research, a predetermined idea may lead to influencing the research results due to the researchers' personal biases. Therefore, it is important to control such preordained assumptions and biases (Creswell, 2007; Darling, 2012). In this statement, the researcher outlines his previous knowledge and experiences relevant to the research topic.

Culture is part of a person's identity and influences their behavior. Growing up in China, I have lived in a society that greatly emphasizes success and individual achievement. In the Chinese society, the wealth an individual accumulates or a higher official position in the government that a person holds is an important measure of success. Most Chinese parents, on the other hand, want to be risk-averse and prefer their children to obtain jobs that offer stability rather than become entrepreneurs. They believe that the uncertainty and risks associated with operating one's own business are more likely to lead to failure, whereas being employed at someone else's company is considered a safer option. And parents usually believe that there are many factors involved in doing business that are beyond the entrepreneur's control. Whether the family has strong connections and background is an important factor. Traditionally, Chinese society prizes success and despises failure. If you fail, regardless of the process, you are a failure. Therefore it has put huge demend and pressure on entrepreneurs. As the matter of fact, most Chinese entrepreneurs have to gain a wide range of talents. These include the development of strategic thought, the ability to manage finances, business intelligence, and the ability to lead teams, among others. Since China's business environment and traditional industrial chain are still in process of completion and standardization, a number of challenges that arise in the entrepreneurial process cannot be overcome by recruitment of people or the establishment of

external cooperation. It is important that entrepreneurs develop the ability of problem solving at an individual level in order to deal with the challenges regarding governmental policies, supply chain management, investor relations, business advertisements, among others.

Over the past, I have been employed but two different companies. This gave me an opportunity to observe the daily business operations. Both China-based companies enabled me to acquire an understanding of business within my cultural context. One of these companies was a media production company founded in 2008, whereas the other one was an educational consultation firm that dealt with study abroad programs and cross-cultural student exchange. This company was founded in 2012. A discussion with the company leaders of these two companies regarding their experience of setting up their business ventures helped me to learn from the stories that they generously shared. The experiences of both founders included stories of success as well as failure. I was inspired by their stories, especially the way they coped with failures. I realized gradually that every story brings with it a lesson from which something valuable can be learned. In China, we hear more about the success stories of entrepreneurs and how successful these great entrepreneurs have achieved, and how much wealth they have created. But their failures and how they coped with them often seem to be overlooked. The experience of entrepreneurial failure can provide useful learning for current and potential entrepreneurs.

APPENDIX B

Recruitment Script

Dear XX,

My name is Ding Wang, and I am a Doctoral candidate in the Graduate School of Education

and Psychology at Pepperdine University. I am conducting a research study examining *The*

Leadership Lessons from Entrepreneurial Failure in China, and you are invited to participate in

the study. If you agree, you are invited to participate in a one-hour face to face or online

interview session via "Zoom" according to your preference. The interview is anticipated to take

no more than 60 minutes.

You are asked to participation because you are:

- Entrepreneur have owned a business for at least three years.

- Entrepreneur have employed at least 5 employees.

- Entrepreneur have an experience of failure.

    Entrepreneurial failure can be regarded as a deviation of outcomes from the expected goals

    of the entrepreneur (Cannon& Edmondson,2001 McKenzie & Sud, 2008).

Participation in this study is voluntary. Your identity as a participant will remain confidential

in qualitative studies during and after the study. All of the data will be securely protected

with a pass-code computer by the researcher, every participant will be identified with

pseudonyms, such as participant #1, participant #2. If you have questions or would like to

participate, please contact me at ding.wang@pepperdine.edu

Thanks for your participation.

Ding Wang

Pepperdine University

Graduate School of Education & Psychology (GSEP)

Doctoral Student

APPENDIX C

Informed Consent Letter

IRB #: 23-04-2130

Participant Study Title:
  Leadership Lessons from Entrepreneurial Failure: A Phenomenological Study

Formal Study Title:
  Leadership Lessons from Entrepreneurial Failure in China under Pandemic Influence：
  A Phenomenological Study

Key Information:
  The entrepreneurial journey is not characterized by smooth success and fortunes rather it is characterized by high levels of risk and uncertainty with increased chances of failure. While some obstacles are foreseen, others such as the COVID-19 pandemic are not only unforeseen but also may have wide-ranging impacts. These obstacles or failures can be viewed as an excuse to give up or as an opportunity to reflect, learn, and innovate.

  The purpose of this qualitative phenomenological study is to explore the lived experiences of entrepreneurs in China with an aim to reveal the lessons learned by entrepreneurs when faced with failure. The study further aims to discover how the learning transformed the leadership practices of these entrepreneurs to cope with challenges and failures. Furthermore, the study shares advice from experienced entrepreneurs with prospective entrepreneurs with the aim to prepare them for future challenges.

  If you agree to participate in this study, the project will involve:
- (Males/Females) between the ages of (18 years above).
- (1) number of visits are required.
- These visits will take a (1) amount of hours total.
- There are no risks associated with this study.
- You will be paid (0) amount for your participation.
- You will be provided a copy of this consent form.

Invitation

You are invited to take part in this research study. The information in this form is meant to help you decide whether or not to participate. If you have any questions, please ask.

Why are you being asked to be in this research study?

If you meet below criteria, you may participate in this research:
- Entrepreneur have owned a business for at least three years.
- Entrepreneur have employed at least 5 employees at their enterprise.
- Entrepreneur have an experience of failure in their entrepreneurial venture.

Failure can be regarded as a deviation of outcomes from the expected goals of the entrepreneur (Cannon& Edmondson,2001 McKenzie & Sud, 2008).

What is the reason for doing this research study?

The purpose of this qualitative phenomenological study is to explore the lived experiences of entrepreneurs in China with an aim to reveal the lessons learned by entrepreneurs when faced with failure. The study further aims to discover how the learning transformed the leadership practices of these entrepreneurs to cope with challenges and failures. The study shares advice from experienced entrepreneurs with prospective entrepreneurs with the aim to prepare them for future challenges.

What will be done during this research study?

Please note that your participation in this research is strictly voluntary. If you volunteer to participate in this research, you will be asked to take an approximate 60 minute-interview with principal investigator that will be audio recorded. During the interview, you will be asked to be responsive to 13 open-ended interview questions that the researcher is desire to ask about. A digital voice recorder will be used and notes will be taking in order to ensure complete accuracy of your interview. You may ask principal investigator to stop or resume recording at any point in your conversation during the interview. You can participate in face to face or online using zoom to conduct interview. The time and location of conducting the interview will be planned according to your preference.

What are the possible risks of being in this research study?

There will be no more than minimal risks in this study. Possible risks that you might experience from your involvement in this study include: feeling uncomfortable with the set research questions or follow up inquiry; lack of interest; risk of breach of confidentiality; andpossible fatigue from sitting for an hour for the interview. You are free to decline to answer any interview questions that you don't want to, or stop the interview at any time. The participants will be given breaks after each twenty minutes of the conversation. Participants will be also informed that if they feel anything uncomfortable, they can opt out of the study at any point of the study.

Please note in all research, there isa chance that confidentiality could be compromised. However, necessary precautions will betaken to minimize this risk. The only persons who will have access to your research records are the researcher and the Institutional Review Board (IRB). The IRB may also access the data collected and occasionally reviews and monitors research studies to protect the rights and welfare of research subjects. The researcher will maintain the highest standards of confidentiality and will follow the strictest protocols to secure participants'

information. There will be no potential harm to your physical or mental well-being, financial loss, ordamage to their reputation and employment. Vulnerable subjects such as children, prisoners, and pregnant women are forbidden to participate in this research study.

What are the potential risk to employment, professional and financial standing?
There is no information being collected that would pose risk to any personal employee outcomes at work. Participant's response to these questions should not pose any risks to the participant's reputation, employability, financial standing, and educational advancement.

What are the possible benefits to you?

There is no direct benefit to you.

What will being in this research study cost you?

There is no cost to you for being a participant in this research study.

Will you be compensated for being in this research study?
There will be no compensation provided.

What should you do if you have a problem during this research study?

Your welfare is the major concern of every member of the research team. If you have a problem as a direct result of being in this study, you should immediately contact one of the people listed at the beginning of this consent form.

How will information about you be protected?

For the present research, the researcher will prioritize participants' privacy, and at no stage of the research will the participant's personal information be shared with anyone. The consent form will not be required to be signed and returned to protect participants from any potential breach in confidentiality. For the returned consent forms, they will be collected electronically and stored in a passcode protected laptop. The laptop will be locked in a desk drawer of the researcher when the researcher is absent. The researcher will use a secure network with the firewall to conduct the zoom meeting. The zoom meeting will require a passcode to join. Only the participant will receive the passcode. Once the participant joins the meeting, the researcher will lock the meeting room to prevent any other interruption. The meeting will be audio-recorded using a digital recorder. The audio files will be saved to the researcher's password-protected laptop, and the audio files will be deleted from the digital recorder. The interview transcripts will be labeled by assigning a numerical value such as Participant 1, Participant 2, Participant 3, and so forth. Data collected through audio recording and note taking will be securely stored on a password-protected computer and not shared publicly. The interviews will be transcribed and coded only by the researcher and audio recordings and notes will be destroyed after the interviews are transcribed. After the study is completed, the consent forms will be destroyed and the protected and locked data will be destroyed up to 3 years after the study is completed. The only persons who will have access to your research records are the study personnel, the Institutional Review Board (IRB) of Pepperdine University, and any other person, agency, or sponsor as required by law. The information from this study may be published in scientific journals or presented at scientific meetings but the data will be reported

as group or summarizeddata and your identity will be kept strictly confidential.

What are your rights as a research subject?

You may ask any questions concerning this research and have those questions answered before agreeing to participate in or during the study.

For study related questions, please contact the investigator(s) listed at the beginning of this form. For questions concerning your rights or complaints about the research contact the Institutional

Review Board (IRB):
   Phone: 1(310)568-2305
   Email: gpsirb@pepperdine.edu

What will happen if you decide not to be in this research study or decide to stop

participating once you start?

You can decide not to be in this research study, or you can stop being in this research study ("withdraw') at any time before, during, or after the research begins for any reason. Deciding notto be in this research study or deciding to withdraw will not affect your relationship with the investigator or with Pepperdine University

Documentation of informed consent

You are voluntarily making a decision whether or not to be in this research study. Signing thisform means that (1) you have read and understood this consent form, (2) you have had the consent form explained to you, (3) you have had your questions answered and (4) you have decided to be in the research study. You will be given a copy of this consent form to keep.

Participant Name:

_____

Name of Participant: Please Print

Participant Signature:

_____   _____

Signature of Research Participant   Date

Investigator certification:

My signature certifies that all elements of informed consent described on this consent form have been explained fully to the subject. In my judgment, the participant possesses the capacity to giveinformed consent to participate in this research and is voluntarily and knowingly giving informed consent to participate.

_____   _____

APPENDIX D

Interview Questions

➢ *Interview Question 1:* In your opinion, what do you think is the meaning of failure?

➢ *Interview Question 2: Please describe any experiences of failures that you may have experienced regarding your business venture.*

➢ *Interview Question 3:* Do you think that the pandemic has impacted businesses? If so, please describe experiences during the pandemic.

➢ *Interview Question 4:* Which factors do you think have impacted businesses the most?

➢ *Interview Question 5:* Could you describe your psychological and emotional state during and after the failure experience?

➢ *Interview Question 6:* Could you describe how this failure impacted your social relations?

➢ *Interview Question 7:* What do you think were the financial impacts of this

➢ *Interview Question 8:* Describe some of the most important lessons that you have learned through failure.

➢ *Interview Question 9:* As a company leader, how do you think those failures have influenced the way in which you lead yourself and your company?

➢ *Interview Question 10:* How do you think young entrepreneurs can prepare themselves to avoid failure, especially during unforeseen circumstances such as the pandemic?

➢ *Interview Question 11:* Is there anything else that you would like to add?

APPENDIX E

Interview Protocol

Interview Date:

Time:

Principal Investigator:

Interview Participant Code #:

Greet participants and express appreciation for his/her

participation.Interview starts:

Today's interview will take about 60 minutes. The topic of this study is about the leadershiplessons learned from entrepreneur's failure experiences.

May I start recording?

Now I am going to start the recorder. (Start recorder)

Today is__and the code number of this participant is _____

I am going to ask you 11 open-ended interview questions. There is no right or wrong answer to any of these questions. What I require is simply your honest answers. During the interview process, if you feel confused or need further clarification about certain question, you are free toask me to explain or clarify at any time. Do you have any questions before we go over each interview question?

➢ In your opinion, what do you think is the meaning of failure?

➢ Please describe any experiences of failures that you may have experienced regarding your

   business venture.

➢ Do you think that the pandemic has impacted businesses? If so, please describe

➢ Which factors do you think have impacted businesses the most?

➢ Could you describe your psychological and emotional state during and after the failure

   experience?

➢ Could you describe how this failure impacted your social relations?

➢ What do you think were the financial impacts of this

➢ Describe some of the most important lessons that you have learned through failure.

➢ As a company leader, how do you think those failures have influenced the way in which you lead yourself and your company?

➢ How do you think young entrepreneurs can prepare themselves to avoid failure, especially during unforeseen circumstances such as the pandemic?

➢ Is there anything else that you would like to add?

This is the end of the interview. Thank you again for your time and participation.

APPENDIX F

The Chinese-English Professional Translator Biography

Xie Wang

Xie graduated from Peking University (China) with a Bachelor's Degree in English and a Master's Degree in English. She has more than 8 years of professional experience in Chinese and English translation. She has translated a large number of documents from many prestigious companies, which have been highly rated by her clients. She has specialized skills in Chinese to English translation.

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